MONROE COUNTY

Accounting & Financial Policies and Procedures Manual

The mission of the Monroe County Board is to provide and promote quality services in a fiscally responsible manner to ensure a safe and secure environment through partnerships, innovation, leadership and dedication to the residents of Monroe County.

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INTRODUCTION

The following Accounting and Financial Manual is intended to provide an overview of the Accounting and Financial Policies and procedures for Monroe County, which shall be referred to as "Monroe County" or "the County" throughout this manual.

Monroe County is a municipal corporation founded in 1854 and governed by an elected board in the state of Wisconsin. The County population is between 45,000 and 65,000.

This manual shall document the financial operations of the County. Its primary purpose is to formalize accounting and financial policies and selected procedures for all staff who have a role in accounting processes and to document internal controls.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The County allows an immediate supervisor or Department Head to give approval in an individual's absence when the absent individual is included in a policy or procedure that requires an approval. For example, policies documenting approvals or reviews to be completed by the Payroll Accountant can be performed by the Finance Director in the Payroll Accountant's absence.

EFFECTIVE DATE(S) OF ACCOUNTING AND FINANCIAL POLICIES

The effective date of all accounting and financial policies described in this manual is December 22, 2021. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

The contents of this manual were approved as official policy of Monroe County by the County Board, Finance Committee, and Finance Director. All Monroe County staff members are bound by the policies herein, and any deviation from established policy is prohibited.

The Finance Committee and Finance Director will review this manual every two years, prior to December 31 in each odd year-end (i.e. ~~2019~~, ~~2021~~ 2023, 2025), for any necessary changes or updates. The County Board will approve this manual every four-(4) years to help ensure the financial policies and procedures of the County comply with current regulations.

Effective Date of Policy: December 22, 2021

Signature: ____
County Board Chair

Date of Next Review if policy requires periodic review: ~~January 31, 2019~~ December 31, 2023

ADOPTION OF 2 CFR PART 200

Monroe County adopted the Federal grant regulations provide in 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including the procurement standards.

FISCAL YEAR OF COUNTY

Monroe County shall operate on a fiscal year that begins on January 1 and ends on December 31.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Monroe County's year-end government-wide, proprietary fund, and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Accounting transactions will be processed and reports produced on Tyler Accounting Software.

GENERAL POLICIES

ONGOING MONITORING OF PROCEEDURES AND CONTROLS POLICY

The County will provide for an ongoing monitoring of the procedures and key controls in regard to federal awards. The monitoring will include providing for periodic risk assessments during periods of change and other established intervals.

PROCEDURES:

The County recognizes that the following periods of change can affect procedures and controls developed for administration and expenditure and federal awards:

- Reorganizations within or between the County departments
- Changes in key personnel involved in the performance or review of financial or statistical information
- Regulatory changes affecting services provided to eligible clients of federal programs
- New or revamped information systems and other uses of technology
- Rapid growth or expansion of services.

In order to provide ongoing monitoring of the procedures and key controls over federal awards, the following procedures will be completed:

- A risk assessment will be completed when any of the above "periods of change" occur. Procedures and controls will be implemented to respond to any risks noted during the risk assessment.
- Each year the County will complete a desk review of procedures and key controls over federal programs. The review will be completed by persons independent of the administration of the applicable federal program. Risks and weaknesses noted during the desk review will be followed up with the applicable department and program personnel. Corrective action will be taken as necessary.

ORGANIZATIONAL STRUCTURE

THE ROLE OF THE COUNTY BOARD

Monroe County is governed by its County Board, which conducts its business through Committee and Board meetings.

Are responsible for the oversight of the Organization by:

1. Establishing Broad policies, including Financial and Personnel Policies and Procedures.
2. Establish programs and services for the county.
3. Enact ordinances, rules, and regulations for the county.
4. Review and adopt the annual County budget.
5. Approve contracts and expenditures.
6. Levy taxes for the support of County government operations.
7. Approve and supervise the use of all Federal and State grants.
8. Oversee County Department budgets.

The Department Heads shall be responsible for the day-to-day oversight and management of Monroe County.

COUNTY BOARD COMMITTEE STRUCTURE

The County Board shall form committees by resolution to assist the Board in fulfilling its responsibilities. These committees are responsible for the duties prescribed in the resolution. Committees of Monroe County include the following:

STANDING:

Standing committees are set up to address continuing functions and have standing authority to act on behalf of the Board within an identified scope and area as set out in the ordinances or by rule or resolution.

1. Administration/Personnel
2. Economic Development
3. Finance
4. Health & Human Services
5. Highway
6. Natural Resources & Extension
7. Property & Maintenance
8. Public Safety & Justice
9. Rolling Hills
10. Sanitation & Zoning
11. Solid Waste Management

ADVISORY:

Advisory committees are for issue development and cannot have authority to act on behalf of the Board.

1. Aging & Disability Resource Center of Western Wisconsin
2. Broadband Special Committee
3. Climate Change Task Force Committee (CCTF)
4. Community Action Planning
5. Coordinated Services Team Committee
6. Dog Control Board
7. Ethics Board
8. Hidden Valleys Tourism
9. Housing Authority
10. Human Services Citizens Advisory Committee
11. Human Services Long Term Support Program Advisory Committee
12. ITBEC
13. ~~Justice Center Building~~
14. Land Information Council
15. Local History Room Trustees
16. Mississippi Valley Health Services
17. Mississippi River Regional Planning
18. Monroe County Justice Coordinating Council
19. Nutrition Advisory Committee
20. ~~Regional Revolving Loan Fund Board~~
21. ~~Revolving Loan Fund~~
22. Safe Communities Coalition
23. Transportation Coordinating Committee
24. Veterans Service Commission
25. Village of Warrens & Monroe County Sewer Commission
26. ~~Western Wisconsin Cares~~
27. Winding River Library System
28. Zoning Board of Adjustment

SPECIAL:

Special committees are temporary in nature designed to address an identified project and may do so within scope of authority set up by the Board under a duly enacted resolution, but are not to infringe on a standing committees jurisdiction. For Example: The Ribbon Cutting Committee.

See the County's resolution for committee details. Roles of committees with direct responsibilities for the financial affairs of the County are referred to in appropriate sections of this manual.

THE ROLES OF THE DEPARTMENT HEADS AND STAFF

The Department Heads are appointed by the County Administrator or elected to the position through the electoral process. The Department Heads are responsible for department operations and the hiring and evaluation of department staff. Departmental staff shall report directly to a midlevel manager or that Department's Head, who shall be responsible for managing and evaluating **ALL** employees within their line of supervision.

FINANCE DEPARTMENT OVERVIEW

ORGANIZATION STRUCTURE

The Finance department consists of ~~fourteen (14~~) fifteen (15) staff positions that manage and process financial information for Monroe County. The following positions comprise the Finance department:

CENTRAL FINANCE:

- Finance Director
- Financial & Systems Control ~~Specialist~~ Coordinator
- Payroll Accountant II
- Accounts Payable Accountant I

HUMAN SERVICE FINANCE:

- Human Services Assistant Finance Director/Business Administrator
- ADRC Accountant I
- Human Services Accountant II
- Human Services Accountant II
- Human Services Accountant I
- Human Services Accountant I
- Program Accountant I

ROLLING HILLS FINANCE:

- Rolling Hills Assistant Finance Director/Business Administrator
- Rolling Hills Accountant II
- Rolling Hills Accountant I

HEALTH FINANCE:

- Health Department Accountant I

Other employees of Monroe County who have financial responsibilities are as follows:

- Sheriff Office Manager
- District Attorney Office Manager
- Highway Office Manager
- Sanitation & Zoning Administrative Assistance
- Treasurer
- Deputy Treasurer
- Treasurer Office Clerk II
- ~~Purchasing Procurement Coordinator~~ Administrative Office Specialist
- Deputy Clerk of Court / Accountant

DEPARTMENT RESPONSIBILITIES

The primary responsibilities of the Finance Department consist of:

- Accounts Payable
- Accounts Receivable and Billing
- Cash Receipts
- Cash Disbursements
- Financial Software Maintenance

- Employee Benefit Insurance
- Asset management
- Assist with Development of Annual Budget
- Budget Compliance Enforcement
- Cash and investment management
- Grants and contracts administration
- Prepare Staffing Budget
- Purchasing & Financial Controls
- Payroll
- External reporting of Financial information
- Financial statement processing
- Reconciliation of subsidiary ledgers
- Annual Financial statement audit and fiscal monitoring visits
- Compliance with government financial reporting requirements
- Fiscal records retention
- Bank Reconciliation
- General ledger transactions and reconciliations

STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

In accordance with 2 CFR Part 200.302(b), of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Monroe County maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received. *(2 CFR Part 200.302(b)(1))*
2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of *2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance*, and/or the award.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. Monroe County must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
5. Comparison of expenditures with budget amounts for each award.
6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (*2 CFR Part 301, Performance Measurement*)
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by Monroe County. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. (*2 CFR Part 200.305 Payment)* See Monroe County's written procedures in the Cash Drawdowns of Advances section of this manual.
8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the *2 CFR Part 200 Subpart E, Cost Principles*, and the terms and conditions of the award.

See Monroe County's written procedures in the CHARGING COSTS TO FEDERAL AWARDS section of this manual.

BUSINESS CONDUCT

PRACTICE OF ETHICAL BEHAVIOR

Monroe County requires board members, committee members, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities, and all board members, committee members, and employees to comply with all applicable laws and regulatory requirements. Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of Monroe County depend to a very large extent on the following considerations.

Each board member, committee member, and employee (referred to as “individual” in this section) acting in a County capacity must apply her or his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each individual is responsible for applying common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, individuals should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with Monroe County policy?
4. Am I sure my action does not *appear* inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the County or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o’clock news?

Each individual should be able to answer "yes" to all of these questions before taking action.

Each supervisor and management team member is responsible for the ethical business behavior of her or his subordinates. Supervisors and management team must carefully weigh all courses of action suggested in ethical, as well as economic, terms and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.

COMPLIANCE WITH LAWS, REGULATIONS, AND ORGANIZATION POLICIES

Monroe County does NOT tolerate:

- The willful violation or circumvention of any Federal, State, Local, or Foreign Law by an employee during the course of that person's employment.
- The disregard or circumvention of Monroe County policy or engagement in unscrupulous dealings.

Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly prohibited.

The performance of all levels of employees will be measured against implementation of the provisions of these standards.

CONFLICTS OF INTEREST

INTRODUCTION

In the course of business, situations may arise in which a County decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All board members, committee members, and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the County in dealing with outside entities or individuals,
2. Disclose real and apparent conflicts of interest to the County Board, and
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

WHAT CONSTITUTES A CONFLICT OF INTEREST

All employees and supervisors of Monroe County owe a duty of loyalty to the County. This duty necessitates that in serving the County they act solely in the interests of the County, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as "interested persons." Interested persons include all members of the Board of Supervisors, all committee members, and all employees, as well as persons with the following relationships to supervisors or employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or supervisor, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a [35%] or more ownership or beneficial interest

Note: The above list is not comprehensive. Other relationships such as close friendships may also cause a conflict of interest. Each situation must be evaluated for potential conflict.

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the County. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

A conflict of interest arises when a supervisor or employee involved in making a decision is in the position to benefit, directly or indirectly, from his or her dealings with the County or person conducting business with the County. (A potential conflict of interest exists when the supervisor or employee, or his or her immediate family {spouse, parent, child, brother, sister and spouse of parent, child, brother, or sister} owes/receives more than 1% of the benefiting business/profits.)

Examples of conflicts of interest include, but are not limited to, situations in which a supervisor or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the County and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services.
2. Negotiates or approves a contract, sale, or lease on behalf of the County and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services.
3. Employs or approves the employment of, or supervises a person who is an immediate family member of the supervisor or employee.
4. Sells products or services in competition with the County.
5. Uses the County's facilities, other assets, employees, or other resources for personal gain.
6. Receives a substantial gift from a vendor, if the supervisor or employee is responsible for initiating or approving purchases from that vendor.

HONORARIA ACCEPTANCE

A Monroe County employee shall not accept an honorarium for an activity conducted where County reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee's position with Monroe County. Such activity would be considered official duty on behalf of Monroe County. A relationship exists between the activity and the employee's position with Monroe County if the employee would not participate in the activity in the same manner or capacity if he or she did not hold his or her position with Monroe County. The employee should make every attempt to avoid the appearance of impropriety.

An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's Monroe County duties.

Nothing in this policy shall be interpreted as preventing the payment to Monroe County by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to Monroe County (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to Monroe County should be deposited to the Monroe County account and an appropriate entry should be made coded to the same program or department to which the employee’s corresponding time was charged.

DISCLOSURE REQUIREMENTS

A supervisor or employee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the Personnel Department. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, Monroe County requires the following:

1. At the inception of employment or volunteer service to the County, and on an annual basis thereafter, the Finance Department shall distribute a list of all vendors with whom the County has transacted business at any time during the preceding year, along with a copy of the disclosure statement to all members of the County Board, the Department Heads, other members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Department Heads, the Finance Director, and the chair of the Finance Committee, of all potential reportable conflicts.
2. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.
3. The Personnel Coordinator shall review all forms completed by Department Heads and Supervisors, and the Finance Committee shall review all forms questioned of Conflict and determine appropriate resolution in accordance with the next section of this policy.
4. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff, supervisor, or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be included in the minutes of the meeting.
5. A staff, supervisor, or committee member who plans to not attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
6. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the board, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.
7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the County Board of Monroe County has a conflict of interest when he or she stands for election as a department head or for re-election as a member of the County Board.
8. If required by Federal awarding agencies or pass-through entities, Monroe County will notify those agencies in writing of any *potential* conflict of interest. (*2 CFR Part 200.112, Conflict of interest)*
9. The County Board will review and sign the Conflicts of Interest policies of the County every two years.

RESOLUTION OF CONFLICTS OF INTEREST

All real or apparent conflicts of interest shall be disclosed to the Finance Committee, the Department Heads, and the Finance Director. Conflicts shall be resolved as follows:

- The Finance Committee shall be responsible for making all decisions concerning resolutions of conflicts involving Supervisors, the Department Heads, and other members of senior management.
- The chair of the committee shall be responsible for making all decisions concerning resolutions of conflicts involving Finance Committee members.
- The chair of the Board shall be responsible for making all decisions concerning resolutions of the conflict involving the chair of the Finance Committee.

An employee or supervisor may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the County Board Chair
- Appeals must be made within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full County Board.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussions, Public Comment, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

DISCIPLINARY ACTION FOR VIOLATIONS OF THIS POLICY

Failure to comply with the standards contained in this policy will result in disciplinary action that may include reprimand up to termination, referral for criminal prosecution, and reimbursement to the County or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her or his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any supervisor or management team member who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.
4. Termination/Grievance…

A Board member who violates this policy may be removed from the Board.

POLICY ON SUSPECTED MISCONDUCT

INTRODUCTION

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all entities, Monroe County faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but is **NOT** limited to:

- Financial losses and liabilities
- Loss of current and future revenue
- Negative publicity and damage to the County's public image
- Difficulty attracting & retaining employees
- Deterioration of employee morale
- Harm to relationships with citizens, vendors, bankers, and subcontractors
- Litigation and related costs of investigations, etc.

Monroe County is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the County.

WHAT CONSTITUES MISCONDUCT

For purposes of this policy, misconduct includes, but is **NOT** limited to:

1. Actions that violate the County's Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.
2. Fraud includes, but **NOT** be limited to:
   - Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the County, as well as those of our service recipients, subcontractors, vendors, suppliers, and others with whom the County has a business relationship).
   - Intentional misstatements in the County's records, including intentional misstatements of accounting records or financial statements.
   - Authorizing or receiving payment for goods not received or services not performed.
   - Authorizing or receiving payments for hours not worked.
   - Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports.

3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records).
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the federal government or by the County in connection with this policy.
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the County.
6. Unauthorized personal or other inappropriate (non-business) use of equipment, assets, services, personnel, or other resources.
7. Acts that violate Federal, State, or Local Laws or regulations.
8. Accepting or seeking anything of material value may impair his or her independence or judgement or action from an individual or vendors providing goods or services to Monroe County. Exception: gifts valued at $25 or less.
9. Impropriety of the handling or reporting of money in financial transactions.
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

Monroe County prohibits each of the preceding acts of misconduct on the part of employees, elected officials, County Board Members and others responsible for carrying out the County's activities.

REPORTING RESPONSIBILITIES

All employees, elected officials, County Board Members and other Individuals are responsible for immediately reporting suspected misconduct to their supervisor, Department Head, Finance Director, or the Chair of the Finance Committee. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, Department Head, Finance Director, or the Finance Committee.

WHISTLEBLOWER PROTECTION

Monroe County will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a federal offense or any other possible violation of the County's Code of Conduct.

REPORTING RESPONSIBILITES

If an individual has a reasonable belief that an employee or the County has engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitutes a fraudulent practice, the individual is expected to immediately report such information by following the procedures as follows OR as detailed in the personnel handbook.

INVESTIGATIVE RESPONSIBILITIES

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

The County Administrator has the primary responsibility for investigating suspected misconduct involving employees. The County Administrator shall provide a summary of all investigative work to the appointed.

The County Administrator has the primary responsibility for investigating suspected misconduct. However, the County Administrator may request the assistance of the Personnel Coordinator in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the County.

In fulfilling its investigative responsibilities, the County Administrator shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the investigative team (as authorized by the County Administrator shall have free and unrestricted access to all County records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy, and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, status, or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

DISCIPLINARY ACTION

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated with appropriate representatives from the [Personnel Department]. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Verbal Warning
- Written Warning
- Administrative leave for investigation purposes
- Suspension
- Involuntary Termination
- Exclusions
- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the County to follow any particular policy or procedure.

CONFIDENTIALITY

The County Administrator will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Finance Director or the County Administrator or County Board Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Responsibilities section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect Monroe County from potential civil liability.

The Appointed committee chair may conduct a closed session meeting where applicable (See §19.85) all Monroe County committees, Sub committees and Boards shall follow the open meetings law.

Confidential until investigation is completed.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the County Administrator or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is “I am not at liberty to discuss this matter.” Under no circumstances should any reference be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misappropriation,” or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Monroe County legal counsel or the County Administrator.

DISCLOSURE TO OUTSIDE PARTIES

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the County to aid in an investigation).

However, all known frauds involving the Department Heads, senior management, or members of the Board of Supervisors, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Finance Director to the County's external auditors.

The County will disclose, in a timely manner, in writing to Federal awarding agencies or pass-through entity, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting Federal awards. (*2 CFR Part 200.113 Mandatory disclosures)*

SECURITY

FINANCE DEPARTMENT

The locks will be maintained on the doors leading into the Monroe County Finance Department. These doors shall be closed and locked in the evenings and whenever the Finance Department is vacant. The key to this lock will be provided to Central Finance Department. These keys will be returned whenever any of these individuals leave the employment of Monroe County.

Monroe County's blank check stock shall be stored safe in the Treasurers Department. This safe will be locked with a key that is kept in the Treasurers Department. Access to the key shall be in the possession of the Treasurer and the Deputy Treasurer.

ACCESS TO ELECTRONICALLY STORED ACCOUNTING DATA

Monroe County utilizes passwords to restrict access to accounting software and data. Only duly authorized finance personnel with data input responsibilities will be assigned passwords that allow access to the system. Information technology staff members are restricted from accessing accounting software.

Any user (remote or internal) accessing Monroe County network and/or devices must be authenticated through the use of a unique user ID and Password. Other methods of authentication may be used but must be approved by Monroe County ~~IS~~ IT.

The unique user ID assigned to each individual is used for access and control to data and systems. All logging and tracking requirements for privacy, auditing, security and monitoring are recorded based on this unique user ID. Users will be held responsible for all actions taken under their user ID as recorded by our network and systems. It is strictly forbidden that your user ID and password be used by others.

OBTAINING USER ID AND PASSWORDS

In order to issue a user id and password, the Monroe County ~~IS~~ IT Department must receive the following:

- ~~A completed Tyler service request~~ An e-mail to Munis.Tech by the Department Head or an authorized agent indicating needed applications and data access.
- The user must read and sign this policy, acknowledging acceptance thereof.
- Users needing access to data owned by another department will only be granted access upon written approval from his/her Department Head and the data's owner.

PASSWORDS

Passwords must conform to the following:

- Must be at least eight (8) characters long
- Must contain at least one alphabetic and one non-alphabetic character. Non-alphabetic characters include numbers (0-9) and punctuation.
- The use of control characters and other non-printing characters is prohibited because they may inadvertently cause network transmission problems or unintentionally invoke certain system utilities.
- Must contain at least one lower case and one upper case alphabetic character.
- Must not be similar to passwords that they had previously employed.
- Must be difficult to guess. Do not use derivatives of user-IDs, and common character sequences such as "123456" must not be employed. Likewise, personal details such as spouse's name, automobile license plate, social security number, and birthday must not be used unless accompanied by additional unrelated characters. User-chosen passwords must also not be any part of speech. For example, proper names, geographical locations, common acronyms, and slang must not be employed.
- Each user of Monroe County computer systems will be given only three attempts to enter a correct password. If a user has incorrectly entered a password three consecutive times, the user ID will be deactivated until ~~IS~~ IT staff authenticates the user's identity and then resets the password.
- All users will be automatically forced to change their passwords upon receipt of an IT issued password and at least once every ninety (90) days.
- Users must never write down or otherwise record their password.
- Users must never reveal their user id or account password to others or allow the use of their account by others.

- All passwords must be promptly changed if they are suspected of being disclosed, or known to have been disclosed to unauthorized parties.
- Users may request a password reset by e-mail, phone or in person. For non-employees your password will not be given verbally but will be sent to your registered email address.

STORAGE OF SENSITIVE DATA

In addition to accounting and financial data stored in the Finance Department, other sensitive data, including protected personally identifiable information (PPII), such as social security numbers of employees and/or program participants (consumers) may be stored in areas other than the Finance Department. Locations of sensitive data include, but are not limited to:

1. Other County Departments
2. Electronic or on-line storage

The County's policy is to minimize the storage of sensitive data by shredding documents or using the confidential bins as soon and as often as possible. Please see the County's technology policies for standards for electronic and on-line storage.

WHAT CONSTITUTES AS PERSONALLY IDENTIFIABLE INFORMATION (PII)

***Note*: 2 CFR Part 200 defines "personally identifiable information"(PII) as "information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public Web sites, and university listings."(2 CFR Part 200.79)**

"Protected personally identifiable information" (PPII) is defined as "an individual's first name or first initial and last name in combination with any one or more of types of information, including, but NOT limited to:

- ***Social Security Number***
- ***Passport***
- ***Credit Card***
- ***Clearances***
- ***Bank numbers***
- ***Biometrics***
- ***Date and place of birth, mother's maiden name***
- ***Criminal, medical and financial records, educational transcripts***

Recipients are required to take as much reasonable effort as possible to limit access to PPII. (2 CFR Part 200.303(e))

DESTRUCTION OF CONSUMER INFORMATION

As stated earlier, all sensitive data must be shredded or placed in confidential bins when no longer needed. Monroe County will also shred or place consumer information in confidential bins that was obtained by the county for any reason. When record retention requirements have been reached there destruction date on stored documents each department will shred or place documents in to confidential bins. See **RECORD RETENTION** section of this manual.

GENERAL OFFICE SECURITY

Finance employees will only receive keys and ID Badges to areas required to perform their job.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, equity, revenue, and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

CHART OF ACCOUNTS OVERVIEW

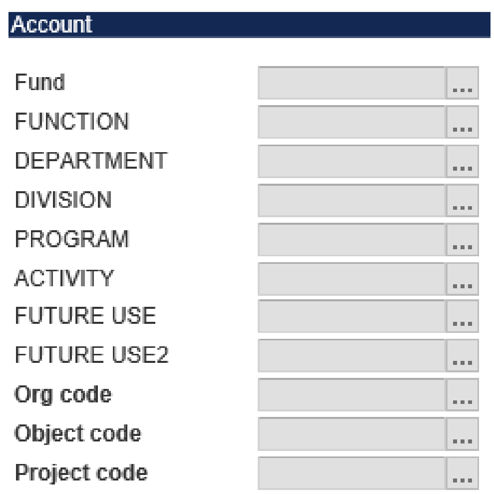
The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gain and loss account.

Monroe County's chart of accounts is comprised of five types of accounts:

1. Assets and Deferred Outflows of Resources
2. Liabilities and Deferred Inflows of Resources
3. Fund Equity and Net Position
4. Revenues and Other Financing Sources
5. Expenditures/Expenses and Other Financing Uses

Each account number shall be divided into the following parts:

1. Fund
2. Function
3. Department
4. Division
5. Program
6. Activity
7. Future Use
8. Future Use 2
9. Organization Code
10. Object Code



Each account number may include additional:

1. Project Code (GL)
2. Project String (PL)
3. Roll up Code (ALL Expenditures)

ACCESS TO CHART OF ACCOUNTS

All Monroe County employees shall have access to accounts based on their job class functions. TYLER User Attributes are assigned by Job ~~Responsivities~~ Responsibilities.

CONTROL OF CHART OF ACCOUNTS

The Finance Director monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts must be approved by the Finance Director, who ensures that the chart of accounts is consistent with the organizational structure of Monroe County and meets the needs of each division and department.

~~The Human Services Assistant Finance Director/Business Administrator and Highway Office Manager monitors and controls for their perspective accounts, including all account maintenance, such as additions and deletions.~~

ACCOUNTING ESTIMATES

Monroe County utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Long Term Assets and Liabilities
2. Useful lives of property and equipment
3. Fair market values of investments
4. Fair market values of donated assets
5. Values of contributed services
6. Cost allocation calculations
7. Other GASB & GAAP Requirements

The Finance Director will reassess, review, and approve all estimates yearly. All conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be disclosed to the Finance Committee and the external audit firm.

JOURNAL ENTRIES

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal_vouchers or other documentation, including an explanation of each such entry. Examples of these entries may include, but are not limited to:

1. Inter-Department Transfers
2. Wires
3. Recording of noncash transactions
4. Corrections of posting errors
5. Nonrecurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. Examples of these entries may include, but are not limited to:

1. Payroll Clearing
2. Amortization of unearned revenue
3. Accruals of recurring expenses
4. Amortization of prepaid expenses
5. Depreciation of fixed assets

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal_voucher.

All journal entries not originating from subsidiary ledgers shall be shall be approved by the Finance Director in Tyler before posting.

RECONCILIATION OF ACCOUNTS

To ensure the accuracy of the County's financial reporting, the County will prepare and document monthly reconciliations of general ledger accounts for each reporting period. Reconciliations will prove that the balances presented in the general ledger of the County agree with independent supporting documentation (i.e. bank statements). Sub-ledger accounts will be reconciled to its general ledger account (control account) each month.

Annually the County will prepare, document and record Fixed Assets and Physical County. Other reconciliations will be prepared for the annual Financial Audit.

Reconciliations will be reviewed by the Finance Director or designated accounting staff who was not part of preparing the reconciliation or supporting documentation. Any discrepancies shall be immediately investigated and resolved in a timely manner.

SPREADSHEET MANAGEMENT

Spreadsheets are an integral component of the County's information and decision-making framework to assist in the tracking and processing of financial and business information. Significant spreadsheets used by the County are used to support the following functions:

- **Financial reporting**– these spreadsheets directly determine financial statement transaction amounts or balances that are subsequently recorded in the general ledger, act as a key control in the financial reporting process (e.g. balancing and/or reconciling significant accounts), or create or support financial reports or disclosures.
- **Analytical**- these spreadsheets are used to support the management decision-making process.
- **Operational**- these spreadsheets are used to facilitate tracking and monitoring of workflow to support operational processes, such as listing of open claims, unpaid invoices, or other information.
- Spreadsheets that are significant to the financial process will be identified by the Finance Department, and a list of the spreadsheets, including the purpose, file location, and end-user/owner name and department will be maintained by the Financial & Systems Control ~~Specialist~~ Coordinator and updated annually.

Significant spreadsheets will have the following controls to help ensure data integrity and reduce risk of data loss:

1. **Access control**- significant spreadsheets will be saved on a secured corporate server and not a personal hard drive. Access to the spreadsheet will be restricted to only those with a legitimate business purpose to access the file. Spreadsheets will be password protected to provide additional security for high-risk or sensitive content.
2. **Input control**- data cells that calculate, summarize, or contain a formula will be locked.
3. **Change control**- spreadsheet changes will be logged, described, tested, and documented. Updated spreadsheets will be referenced with the version number and publication date.
4. Documentation or record control- spreadsheets that are printed to comply with record retention policies, grant documentation requirements, or {list other requirements}, will include standard headers and footers that identify the County, department, spreadsheet name, date, and time.

Prior to the development and implementation of complex spreadsheets to support financial calculation or information, the Finance Department will work with the Information ~~Systems~~ Technology department, contracted Information ~~System~~ Technology consultant to evaluate whether the calculation or information extraction can be completed by the Tyler system.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE RECOGNITION POLICIES FOR MAJOR SOURCES OF REVENUE

Monroe County receives revenue from several types of transactions. Revenue from each of these types of transactions is generally recognized in the financial statements in the following manner:

1. TAXES

Tax revenues are reported in accordance with generally accepted accounting principles (GAAP) in the governmental fund financial statements and in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* in the government-wide financial statements.

Revenue recognition is based on actual collection activity and historical performance. Property taxes are recognized as revenues in the year for which they are levied and appropriate entries will be recorded in the fund financial statements when the revenue is not available within 60 days after fiscal year-end.

Delinquent taxes are recognized as revenue in the government-wide statements of net position and activities, subject to an allowance for uncollectible amounts. Delinquent taxes will continue to be reported as unearned revenue in the fund statements.

2. GRANT INCOME

Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards) against a fully executed grant agreement.

3. LICENSES AND PERMITS

Licenses and permit revenue is recognized when cash is collected (cash basis). However, depending on the nature of the revenue, certain January collections may be accrued and recognized as revenue for the prior fiscal year. Vice versa certain December collections may be entered as unearned revenue for the future fiscal year.

4. FINES AND FORFEITURES

Revenue from fines and forfeitures is recognized when received in cash or when measurable and available or when the County has an enforceable legal claim to the amount, regardless of when cash is received. Except, when the cash settlement received in January pertains to fines imposed in the previous month and is recorded as revenue in the previous fiscal period, unless funds are restricted for specific uses or time periods, in which case, revenue will be recognized when the allowable uses or time periods occur. If the accrual-basis recognition of fines as provided above is not practicable, revenue from fines may be recognized on a cash basis

5. CHARGES FOR SERVICES

Revenue from service charges is recognized under the modified accrual and full accrual basis of accounting, depending on the fund type. Revenue for services is recognized when the service is provided. Revenue from user fees is recognized at the time of collection.

Under full accrual (proprietary, fiduciary, and government-wide financial statements), the related revenue is recognized at time of service, if the receivable is measurable. Under modified accrual (governmental fund statements), revenues are recognized if available to defray the liabilities of the current period (i.e. collectible within the coming year). Revenues deemed unavailable are not recognized in the fund financial statements, rather deferred inflows of resources is credited. This entry is eliminated and the appropriate revenue recognized for the government-wide financial statements.

6. USER FEES AND FEE-FOR-SERVICE INCOME

Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.

7. PROGRAM INCOME

Defined as gross income generated by a supported activity or earned as a result of an award, and is recognized as a reduction in expenditures in the period in which it is received.

8. INTEREST INCOME

Monthly accrual based on when it was earned.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Finance Director.

9. GIFTS, DONATIONS, CONTRIBUTIONS

Recognized as income when received, unless accompanied by restrictions or conditions. These contributions are considered non-exchange transactions.

10. INKIND CONTRIBUTIONS OR NON-FEDERAL MATCH

Recognized as income when received. (See the *Cost Sharing and Matching* section of this manual.)

ADMINISTRATION OF FEDERAL AWARDS

OVERVIEW

Monroe County may receive Federal financial assistance from a donor/grantor agency through grants or cooperative agreements. Throughout this manual, federal assistance received in any of these forms will be referred to as a federal “award.”

PREPARATION AND REVIEW OF PROPOSALS

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals shall be reviewed by the Administrator prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs. Final proposals shall be reviewed and approved in writing by the County Board and the Department Head.

In addition, the County may refuse to consider ALL grants where the cost/benefit of administering such awards would be prohibited.

All copies of Grant Documentation should be submitted to the ~~Purchasing Procurement Coordinator~~ Administrative Office Specialist to be attached in Tyler, TYLER Grant Management.

PROPOSAL COSTS

As defined proposal costs as the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects.

“Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated currently to all activities.” 2 CFR Part 200.460)

Therefore, the County may want to implement a policy on treatment of proposal costs in accordance with this regulation.

POST-AWARD PROCEDURES

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Finance Department shall review the terms, time periods, award amounts, and expected expenditures associated with the award. A *Catalog of Federal Domestic Assistance* (CFDA) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. See the following Document Administration section for details.

COMPLIANCE WITH LAWS, REGULATIONS, AND PROVISIONS OF AWARDS

Monroe County recognizes that as a recipient of federal funds, the County is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the County meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal agency:

1. For each federal award, an employee within the department responsible for administering the award will be designated as "grant manager.”
2. Each Grant Manager shall attend a training on grant management prior to beginning his or her role as a grant manager (or as early in their functioning as a grant manager as practical). Thereafter, all Grant Manager shall attend refresher/update courses on grant management every two years.
3. Grant Manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
    a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.

   b. Review *2 CFR Part 200 Appendix XI, Compliance Supplement* (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
   c. Review the section of the *Catalog of Federal Domestic Assistance* (CFDA) applicable to the award.
   d. The Grant Manager will communicate grant requirements to those who will be responsible for carrying them out, or are impacted by them.
4. The Grant Manager shall be knowledgeable on applicable laws and regulations (such as OMB regulations, pertinent sections of compliance supplements, and other regulations).
5. The Grant Manager shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.
6. The Grant Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to *2 CFR Part 200 Appendix XI, Compliance Supplement*, and communications with federal awarding agency personnel.
7. The Grant Manager shall inform the Finance Department of applicable laws, regulations, and provisions of contracts and grants. The grant manager shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors. The Finance Department will then communicate this information to the independent auditors.

DOCUMENT ADMINISTRATION

For each grant/award received by Monroe County from a federal, state, or local government agency, a master file of documents applicable to the award shall be prepared and maintained. The responsibility for assembling each master file shall be assigned to the Grant Manager assigned to administer the program.

The master file assembled for each government award shall include all of the following documents (including originals of all documents received from the awarding agency):

1. Copy of the initial application for the award and corresponding budget
2. All correspondence to and from the awarding agency post-application, leading up to the award
3. The final, approved budget and program plan, after making any modifications
4. The grant agreement and any other documents associated with the initial making of the award
5. Copies of pertinent laws and regulations, including awarding agency guidelines, associated with the award
6. Subsequent grant modifications (financial and programmatic)
7. Copies of program and financial reports
8. Subsequent correspondence to/from the awarding agency
9. Results of any monitoring visits conducted by the awarding agency, including resolution by Monroe County of any findings arising from such visits
10. Correspondence and other documents resulting from the closeout process of the award

The preceding grant document file shall be organized into four sections as follows:

1. Pre-award documents
2. Post-award documents, including reports
3. Laws, regulations, and agency guidelines
4. Audit/monitoring-related documents

On the inside front cover of the grant document file shall be a Summary of Critical Award Provisions, prepared by the Grant Manager. This summary shall include, at a minimum, the following:

1. Key compliance requirements, including citations of applicable laws and regulations
2. Important deadlines
3. Correspondence contact information at the awarding agency

The original grant document file shall remain in the office of the Grant Manager. The Grant Manager shall maintain a separate file of frequently requested documents that shall consist of photocopies of the documents included in the secure grant document file. The purpose of this file of copied documents is to limit the potential for loss of valuable documents. Any other Monroe

County employee making a valid request for access to grant documents shall be provided with the file of copied documents and shall be asked to sign this file out of the Grant Manager's office.

NOTE: An electronic copy will be attached in Tyler TCM to the Grant Master program.

CLOSEOUT OF FEDERAL AWARDS

Monroe County shall follow the closeout procedures described in *2 CFR 200.343 – 345, Closeout*, and in the grant agreements as specified by the granting agency.

Monroe County and all sub recipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (INKIND)

OVERVIEW

Monroe County values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used.

Monroe County shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

1. They are verifiable from Monroe County records.
2. They are not included as contributions (or match) for any other federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under the federal cost principles, *2 CFR Part 200 Subpart E, Cost Principles*.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal awarding agency.
7. They conform to all provisions of federal administrative regulations, *2 CFR Part 200 Subpart D, Post Federal Awards Requirements*.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by *2 CFR Part 200.306(i)(1)* to establish its value.

VALUATION AND ACCOUNTING TREATMENT

INKIND typically falls into one of the following categories:

The following sections discuss the valuation and accounting treatment for each category.

CASH

- Monroe County shall recognize cash contributions as INKIND income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as INKIND only if such discounts are not available to the general public. Discounts taken as INKIND must be supported by a letter from the vendor stating that it is providing this discount in support of the program.

SPACE, BUILDINGS, LAND, AND EQUIPMENT

1. Space

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- Information on the date of donation and records from the appraisal will be maintained in a property file.
- If less than an arms-length transaction, will be valued based in actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value.

2. Buildings, Land and Equipment

If the purpose of the contribution is to assist the County in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings, or land, depreciation may be claimed as matching, unless the awarding agency has approved using the full value as match.

Are valued at their fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

VOLUNTEER TIME AND SERVICES

1. Time

Monroe County requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name and address
- Hours donated (time in and out)
- Service provided
- Signature of volunteer

The sign-in sheets will be delivered to the Grant Manager monthly so they can be tallied, valued, and recorded as INKIND. The appropriate documentation shall be forwarded to the Finance Department to be included in the accounting records.

2. Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in INKIND if the services are an integral and necessary part of the program.

Examples of contributed services received and recorded as income and expense by Monroe County.

Volunteer services will be valued at rates consistent with those paid for similar work in the County or rate as established by the Grantor. For skills not found in the County, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

SUPPLIES

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items with federal funds.

ACCOUNTING FOR DONATIONS & CONTRIBUTIONS

Note: Donations are monies or other property given as a gift. Which is to be distinguished from fundraising which is the seeking of funds. The County can accept donations provide the county board has specifically authorized acceptance of the donations by resolution, ordinance or by incorporation into the budget. Fundraising is not so straight forward. Such donations are held in trust to be used for the purpose for which they are donated. The County must ensure that in accepting such donations that the use of those funds support an acceptable governmental purpose. The County Board has establish policies regarding the types of contributions it is willing to accept. For instance, entities with a particular program objective may deem it inappropriate to accept gifts from businesses that are in certain industries. These policies should be used as a starting point in addressing the three primary aspects of gift acceptance:

1. ***The types of noncash assets that will be accepted (e.g., land, etc.),***
2. ***The nature of donor restrictions that will be accepted, and***
3. ***The types of donors whose gifts will be accepted.***

DONOR PRIVACY

Monroe County respects the privacy of its donors and also recognizes that donors wish to be connected to the County. Monroe County uses donor information to notify them of information, plans and activities. Donor information is shared with staff, board members, volunteers and consultants on a "need-to-know" basis.

Monroe County does not share its donor list with any third party unless donor permission has been granted. Requests to remain anonymous will be honored.

RECEIPT OF DONATIONS

Upon receipt, all monetary donations will be processed according to the Cash Receipts policies contained in this manual. Information on restriction of gifts shall be communicated to the Financial and System Control ~~Specialist~~ Coordinator so the gift can be recorded and governed according to the wishes of the donor. After funds are deposited, check copies, cash receipts, source of the gift, intended use and any other information included with the gift is delivered to the Department Head. The Department Head will acknowledge gifts within 5-7 business days of receipt. Please see the following section on Receipts and Disclosures.

The accounting system and the donor database must be reconciled to each other at least monthly.

RECEIPTS AND DISCLOSURES

Monroe County and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying regulations. To comply with those rules, Monroe County shall adhere to the following guidelines with respect to contributions received by the County.

The Receiving Department shall provide a receipt to ~~ALL~~ donors for ~~every~~ any single donation ~~over~~ of $250 or more. For all donations under $250, the receiving Department shall ask the donor if they would like a receipt.

ALL receipts shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received.

2. A statement of whether Monroe County provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received.

3. If any goods or services were provided to the donor by Monroe County, a description and good faith estimate of the value of those goods or services.

When Monroe County receives cash in excess of $75 or noncash property with a value in excess of $75 in a single payment as part of a quid pro quo transaction, the County shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo transaction" is one in which a payment received by Monroe County is made both as a contribution and as a payment for goods or services provided by the County. In such instances, Monroe County shall provide to the donor a ~~receipt~~ disclosure statement stating that only the amount contributed in excess of the fair market value of the goods or services provided by Monroe County may be deducted as a charitable contribution. The ~~receipt~~ disclosure statement shall also include a good faith estimate of the fair market value of the goods or services provided to the donor by Monroe County.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. Hence, Monroe County shall NOT provide ~~receipts~~ a disclosure statement when it receives cash or property in excess of $75 in any of the following circumstances:

1. The goods provided to the donor during ~~2017~~ 2021 bearing Monroe County's name or logo and have an aggregate cost of $~~10.70~~ $11.10 or less and the donor gave the County at least ~~$53.50~~ $55.50.

2. The goods provided to the donor in ~~2017~~ 2021 have a fair market value equal to no more than 2% of the contribution or $107, whichever is less.

~~3. The gift received by Monroe County resulted from the County's 2017 fund-raising appeal that included articles worth no more than $10.70, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.~~

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments subsequent to ~~2017~~ 2021 are incorporated into this policy manual by reference.

NOTE: IRS typically releases these inflation adjustments each December, and they are always effective for the following calendar year, not an entity's fiscal year. The easiest way to update these amounts annually is to type "~~2017~~ 2021(current year) insubstantial benefit limitations" into the search field on the IRS website, irs.gov.

All estimates of the fair market value of goods or services provided by Monroe County shall be prepared by the Financial and System Control ~~Specialist~~ Coordinator.

Monroe County complies with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

DONATIONS AND USER FEES

As authorized by the County Board, the Finance Committee, and Wisconsin Statutes 59.52(19) & 65.90(5)(b), the receipt and expenditure of County donations and user fees on a cash basis to avoid the inefficiencies of using monthly budget adjustments to ensure expense are not incurred without the cash on hand. Donations made or user fees paid to Monroe County and expenditures associated with the donation or user fees must be approved by the Finance Committee. Monthly reports shall be made to the County Board.

To comply with this policy, the County will follow these procedures:

1. Oversight Committees or County Board shall be kept apprised of all donations or user fees by the Department Head at monthly meetings. These donations or user fees may be accepted in the form of cash, goods or services. An Oversight Committee or County Board may deny acceptance of donations.

2. All donations or user fees of cash or cash proceeds derived from a donation or user fee must be deposited and recorded in the county books in a revenue account. In kind gifts may immediately be put to use.

3. No amounts of a cash donation, or the proceeds derived in any way from a donation or user fees, may be spent by a department if the expenditure would cause a department's budget to be exceeded. The Finance Committee must approve a budget adjustment to appropriate the funds (See # 4).

4. The Finance Department will create a donations/user fees received non-lapsing budget adjustment report to be submitted to the Finance Committee for approval each month. Said adjustment to conform to §65.90(5)(b) Wis. Stats. which currently dictates that adjustments shall not exceed 10% of the department's annual budget. The report shall include the following information:
   - Department (segment) receiving the donation/user fee
   - Month(s) deposits received
   - Accounts to be adjusted revenue/expenditure budget line
   - Amount to adjust
   - Prior budget of account(s)
   - Final budget of account(s)
   - Current Balance of account(s)

DISTINGUISHING CONTRIBUTIONS FROM EXCHANGE TRANSACTIONS

Monroe County receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. Monroe County shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. Monroe County's intent in soliciting the asset, as stated in the accompanying materials.

2. The expressed intent of the entity providing resources to Monroe County (i.e., does the resource provider state that its intent is to support Monroe County's programs or that it anticipates specified benefits in exchange?).

3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of Monroe County (contribution).

4. Whether payment received by Monroe County is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by Monroe County, or the cost of those assets plus a markup (exchange transaction).

5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution).

6. Whether assets are to be delivered by Monroe County to individuals or entities other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or entities closely connected to the resource provider (exchange transaction).

VALUATION OF NONCASH CONTRIBUTIONS

As stated in the preceding section, all noncash contributions of assets shall be recorded at their fair value as of the date of the gift. Fair values used in accounting for donated assets shall be determined by the County, not by the donor, although in some cases a value may have been provided by a donor. (See Subsequent Policies associated with IRS Form 8283, Pg. 40)

The determination of the fair value of donated assets shall be determined as follows:

1. For contributions of publicly-traded securities, fair value shall be determined by the Finance Director based on a Web-based search (using E*Trade, etc.) of the closing price of the security on the date that the security was transferred to Monroe County (in addition, a printout of this Web search shall be retained in the Finance department's records for future reference and substantiation of this procedure.

2. For contributions of personal property, fair value shall be determined by the Property Manager, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the Finance Director – such valuation documented using a standard form.

3. For contributions of real property, fair value shall be determined by an appraisal performed by an independent appraiser hired by Monroe County (not an appraiser hired by the donor).

4. For contributions of all other assets, fair value shall be determined by the Finance Director.

For contributed services that meet the previously described criteria for recording, the fair value of the services shall be determined by multiplying the hours worked by each volunteer, as documented on the County's Volunteer Time Sheet, by an applicable hourly rate. The applicable hourly rate shall be determined by Personnel Director and shall generally be equal to an estimate of an hourly wage rate plus estimated employee benefits costs at current Medicare, Social Security and Work Comp or an hourly rate typically charged by external vendors possessing the skills provided by the volunteer.

All determinations of hourly rates used to value contributed services shall be reviewed, documented, and approved by the Finance Director.

IRS FORM 8283: NONCASH CHARITABLE CONTRIBUTIONS

In certain instances, Monroe County may be requested to sign a Form 8283 (section b, Part IV) by a donor who has made a material contribution (over $5,000) of noncash assets to the County. The signature of a County official on Form 8283 signifies an acknowledgment of the description of the donated asset and the date of the gift. It does NOT represent any level of certification of, or agreement to, the valuation of the gift that has been assigned by the donor or the donor's appraiser, but it does serve to inform Monroe County of the value intended to be deducted by the donor, which is useful in connection with the subsequent filing of Form 8282. (See the next section for the policies regarding Form 8282.)

Any Form 8283 presented by a donor for signature by Monroe County shall be reviewed, along with the donated asset and any relevant documentation pertaining to the asset's description and condition, by the Finance Director, who shall have final responsibility for agreeing or disagreeing with the donor's description of the asset and for signing the Form 8283.

The Financial and System Control ~~Specialist~~ Coordinator shall retain a copy of any Form 8283 that has been signed and shall maintain a copy of each Form 8283 for subsequent tracking of the donated asset. (See related policy below.)

IRS FORM 8282: DONEE INFORMATION RETURN

When Monroe County subsequently sells assets that have been contributed to it, the filing of a Form 8282 may be required. Among the exceptions from filing Form 8282 are subsequent sales of assets contributed to the County more than three years before the sale, and sales of assets that when contributed had a fair value of $5,000 or less, as evidenced by the Form 8283 presented to the County by the donor at the time of the gift.

Form 8282 is not required with respect to donated assets that are consumed or distributed in fulfillment of the County's program objective.

Responsibility for tracking donated assets and determining whether filing Form 8282 is required is assigned to Financial and System Control ~~Specialist~~ Coordinator. It is the policy of Monroe County to file such forms in a timely manner (within 125 days of the sale). Upon completion of a Form 8282 by the Financial and System Control ~~Specialist~~ Coordinator, the form shall be reviewed and signed by the Finance Director. Delivery of the form to IRS shall be done by mail, performed by the Financial and System Control ~~Specialist~~ Coordinator.

A Form 8282 shall also be prepared and filed if Monroe County transfers a donated asset to another qualified organization (subject to the same exceptions as described above). In such cases, the Form 8282 shall be filed with IRS within 125 days of the transfer and a copy of the Form 8282 shall be provided to the successor qualified organization within 15 days of filing the Form 8282 with the IRS, along with a copy of the original Form 8283 received from the donor.

ENDOWMENT FUNDS

It is the policy of Monroe County to establish and accept endowments that are permanently restricted for the benefit of one or more programs or purposes within the scope of the County's program objectives, subject to the gift acceptance policies described earlier.

It is also the policy of the County to account for all endowments in accordance with any and all explicitly communicated donor-imposed stipulations that have been accepted by the County, including stipulations associated with the classification of subsequent interest income, dividend income, realized gains and losses, unrealized gains and losses, and other investment income as unrestricted, temporarily restricted, or permanently restricted, as well as future appropriations and expenditure of endowment funds. To the extent the County has accepted an endowment that does not include explicit donor stipulations regarding subsequent accounting for and classification of the endowment or investment income or for the appropriation and expenditure of endowment funds, Monroe County shall follow the guidelines.

The interpretation of how the County applies to a particular endowment of Monroe County shall be made by the Finance Director and subject to the review and approval of the Finance Committee.

In connection with all endowment funds of the County, Monroe County shall disclose in a footnote to its annual financial statements all of the following information:

1. A description of the board's interpretation of relevant state law regarding the net asset classification of donor-restricted endowment funds.

2. A description of the County's policies for the appropriation of endowment assets for expenditure.

3. A description of the County's endowment investment policies, including, at a minimum:
   a. The County's return objectives and risk parameters.
   b. How those objectives relate to the County's endowment spending policies.
   c. The strategies employed for achieving those objectives.

4. Endowment fund net asset composition by classification (unrestricted, temporarily restricted, permanently restricted), in total and by type of endowment fund, and cumulative investment return, if any, contained in the permanently restricted net asset class resulting from the County's interpretation of relevant state law, beyond the amount required by explicit donor stipulations.

5. A reconciliation of the beginning and ending balance of the County's endowments, in total and by net asset class, showing all of the following:
   a. Investment return, separated into investment income (interest, dividends, rents, etc.) and net appreciation or depreciation of investments
   b. Contribution income
   c. Amounts appropriated for expenditure
   d. Reclassifications
   e. Other changes in net assets

FEDERAL AWARD REIMBURSEMENT REQUESTS/BILLINGS POLICIES

RESPONSIBILITIES FOR REIMBURSEMENT REQUESTS/BILLINGS AND COLLECTION

Monroe County's Individual Departments are responsible for the invoicing of funding sources and the collection of outstanding receivables.

(Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections.)

ACCOUNTS RECEIVABLE ENTRY POLICIES

Individuals independent of the cash receipts function shall post reimbursement requests/revenue billings/invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

REIMBURSEMENTS/BILLINGS AND FINANCIAL REPORTING

Monroe County strives to provide management, staff, and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

Monroe County shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of Individual Departments, subject to review and approval by Department Head.

The following policies shall apply to the preparation and submission of billings to federal agencies under awards made to Monroe County:

1. The County will request reimbursement after expenditures have been incurred, unless an award specifies another method.

2. Monroe County will strive to minimize the time between receipt of advances of Federal funds and disbursement of grant funds by issuing payments within 5-7 business days of receipt of such funds. (See following section for more information on advances of Federal funds.)

3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.

4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.

5. All financial reports required by each Federal award will be prepared and filed on a timely basis. To the extent Monroe County's year-end financial statement audit results in adjustments to amounts previously reported to Federal agencies, revised reports shall be prepared and filed in accordance with the terms of each Federal award.

Monroe County shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

At the time reimbursement requests/invoices are prepared, revenue and accounts receivable shall be recorded in the accounting records of Monroe County by the Individual Departments.

If a Federal award authorizes the payment of cash advances to Monroe County, the Finance Director may require that a request for such an advance be made. Upon receipt of a cash advance from a Federal agency, Monroe County shall reflect a liability equal to the advance. As part of the monthly closeout and reimbursement request/invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

CASH DRAWDOWNS OF ADVANCES OF FEDERAL FUNDS

Cash drawdowns of advances from Federal agencies shall be made weekly in conjunction with the accounts payable and payroll schedule, based on need. All Federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual. Monroe County requires that Federal funds will be disbursed within 7 business days of receipt using the following process: (see page 71 for more information on A/P process)

1. ~~On Wednesday, the Individual Departments will print out a listing of checks to be disbursed.~~

2. ~~The Department Head approves the listing.~~

3. A Requisition is entered into the Munis software and workflow is utilized for approval.

4. A Purchase Order is created when the Requisition is approved by everyone in the workflow.

5. The Accounts Payable Accountant I enters the vendor invoice to the Purchase Order and workflow is utilized for approval.

6. On Friday, the check file of all approved invoices is created by Accounts Payable Accountant I and sent to the Treasurer's Department where the checks are printed, signed, and disbursed in accordance with cash disbursement policies by County Clerk's Department.

7. ~~On Friday, the Treasurer draws down the cash required.~~

CLASSIFICATION OF REVENUE AND RESTRICTED NET POSITION

All income received by Monroe County is classified as *unrestricted*, with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as restricted.

2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes.

3. Income earned from endowment funds (e.g., interest and dividends, gains and losses) in connection with endowments where the donor has explicitly stated that earnings on an endowment be restricted for specific purposes.

NOTE: Please reference 112.11(4)

From time to time, Monroe County may raise other forms of revenue which carry stipulations that the County utilize the funds for a specific purpose or within a specified time period identified by the funder. When this form of revenue income is received, Monroe County shall classify this revenue as restricted.

As with all restricted funds (equity), when the restriction associated with the funds has been met (due to the passing of time or the use of the resource for the purpose designated by the funder), Monroe County will reclassify the related equity from *restricted* to *unrestricted* or *unassigned* in its financial statements and reflect this reclassification as an activity in its Statement of Activities.

From time to time, the Monroe County Board may determine that it is appropriate to set funds aside for specific projects. Such funds shall be classified as *assigned*, or *committed* and reported as a separate component of the reported fund balance.

CASH RECEIPTS

OVERVIEW

Cash (including checks payable to the County) is the County's most liquid asset. Therefore, it is the objective of Monroe County to establish and follow the strongest possible internal controls in this area.

CASH RECEIPTS PROCEDURES

The following Payment Entry procedures will be followed by ALL County Departments:

Departments receiving checks as payments should require the maker of the check to make it payable to "Monroe County/Treasurer or Monroe County/Department name." Under NO circumstances should a check for the County be made payable to an individual or left blank unless it is being signed over to the County.

- Under NO circumstances should cash refunds be given for 3rd party check transactions.
- Post-dated checks are NOT acceptable.

1. All County departments and activities shall record all cash receipts at the time the funds are received. Departments and activities that receive cash, as a part of their normal day-to-day operation must establish an audit record in Tyler: General Revenues or Cashiering.

   Documentation should minimally include the following information:

   - Payer's name
   - Tender Type (if check, check number should be included)
   - Amount paid
   - Date of payment
   - Service/product rendered
   - Initials or Tyler generated audit stamp of person(s) collecting cash receipts

2. Mail Transactions:

   - A designated person should be assigned to open all incoming mail and prepare a listing of cash and/or check received (see explanation of documentation for information on what should be included on the listing).
   - This designated person should be an individual other than those who post to accounts receivable and prepares bank reconciliation.
   - ALL checks shall be immediately endorsed 'Pay To The Order of County Treasurer/Department for Deposit Only' or endorsed by a Tyler system printer and placed in a secure container until deposited with the Treasurer or in bank account.

3. The Department Head is responsible for ensuring that procedures for the safekeeping of all undeposited cash receipts and securities held by the department are in place and must ensure that such items are placed in a locked safe or other adequately secured container at all times when the items are unattended. Under NO circumstances should unauthorized employees gain access to cash. Only employees authorized to receipt cash should have access to department cash register and/or cash drawers.

   - The loss or theft of funds and/or other valuables, due to failure to adhere to the provisions of this procedure, could result in the department having to cover the loss from department funds.
   - All losses or thefts must be reported immediately to the County Administrator. The County Administrator shall notify law enforcement agency if theft or fraud is suspected OR District Attorney's Office. All Suspected thefts or fraud are to be treated confidentially.

4. All departments shall remit monies directly to the Treasurer's Department by 2:30 p.m. daily if the total daily receipts exceed $50.00. Otherwise, deposits should be made when the total accumulated receipts exceeds $50.00 or at the end of the week, whichever comes first. Monetary collection sites exceeding more than 3 miles from the Treasurer's office would be exempt from making daily deposits, but will be required to make weekly deposits*****.

5. Under NO circumstance should disbursements be made from cash receipts (i.e., to cash personal checks, make purchases, etc.). Cash receipts should be deposited (in total) with the County Treasurer*****.

   NOTE: The ONLY EXCEPTION to depositing in exact form to the Treasurer's Department is cash and checks that are deposited into separate departmental bank account(s). Which are Clerk of Courts, Parks, Rolling Hills Resident Trust account monies, ~~Senior Services~~ ADRC meal site accounts, and Sheriff Department's Special Funds monies.

6. Individual Departments shall include total all checks and cash being recorded for deposit. Along with a detailed settlement breaking down check & cash totals for the Treasurer's Department.

7. Make sure the "Total Checks and "Total Cash" when added together equal the "Total Deposit" entered in Tyler.

8. The Treasurer's Department will count the checks and currency and compare that to what is entered in Tyler.

9. The Treasurer's Department will make a copy of the daily summary report for the Finance Department. These copies will be added to the monthly cash reconciliation report by the Finance Department.

TIMELINESS OF DEPOSIT PREPARATION

Departments will prepare deposits on a daily basis, unless the total amount received for deposit is less than $50. In no event shall deposits be made less frequently than weekly. Undeposited checks and cash shall be secured in a locked container and kept in a secure area until deposited. These funds will not be used as petty cash or to make change.

CREDIT CARD RECEIPTS

Select Individual Departments have negotiated contracts for out sourcing of processing payment transactions. Individual Departments may NOT use or negotiate individual contracts. Individual Departments may NOT use or negotiate outsourcing contracts without approval of the Oversight Committee and the Finance Committee.

When consumers, citizens, or donors wish to make payment via credit card, they will be directed to the County's website.

For payments made by credit card through the County's website, the following procedures will be followed:

1. Charges will be processed by an outsourced service provider.

2. The service provider will send daily reports to the Department Head listing each amount paid, the payee, and purpose of payment.

3. The Development Head will post receipts and email a copy of the service provider report to the Finance Department to be used in reconciling the bank statement.

RECONCILIATION OF DEPOSITS

On a periodic basis, the Deputy Treasurer, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits on the monthly bank statement. Any discrepancies shall be immediately investigated.

RECEIVABLES MANAGEMENT

OVERVIEW

Receivables represent amounts due to the County for goods furnished or services provided before the end of the reporting period and include amounts that are significant and measurable. If a receivable is outstanding at December 31, and is determined to be collectible, the amount will be reported on the financial statements as of the fiscal year-end.

The County records all grant receivables and income as grant revenue is earned and billed/reimbursement requested during the grant year.

For proprietary and fiduciary fund statements, and the government-wide statements, revenue that is earned and measurable is recognized at the same time receivables are reported (full accrual accounting). For governmental fund statements, amounts earned and collected within 60 days is considered available and is reported as revenue and a receivable. Amounts that are earned, but collected after 60 days is not reported as revenue, but is reported as a receivable and deferred inflow of resources (modified accrual). *(See the Revenue Recognition Policies for additional information).*

RECEIVABLE MONITORING AND RECONCILIATIONS

On a monthly basis, the Finance Department will reconcile a detailed accounts receivable report (showing aged, outstanding invoices by payer) to the general ledger. The Finance Director will review the reconciliation and ensure that all differences are immediately investigated and resolved.

The Grant Accountant is responsible for monitoring budget-to-actual grant expenditures throughout the grant year, and will meet monthly with the Grant Manager to discuss grant fiscal results.

CREDITS AND OTHER ADJUSTMENTS TO ACCOUNTS RECEIVABLE

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. An employee who is independent of the cash receipts function will process credits and adjustments to Accounts Receivable, and all credits shall be authorized by the Finance Director.

ACCOUNTS RECEIVABLE WRITE-OFF AUTHORIZATION PROCEDURES

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the Finance Department. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

Authorized in writing by
Department Head
Finance Director

After a write-off has been processed, appropriate individuals in the originating department will be advised to ensure that further credit is not granted and the master list of bad accounts is updated. Customers listed as poor credit risks will be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.

RESERVE FOR UNCOLLECTIBLE ACCOUNTS

Monroe County will maintain a reserve for uncollectible accounts receivable. At the end of each fiscal year, the County will evaluate the collectability of receivables and determine an appropriate allowance for uncollectible amounts. The following factors will be used to determine adjustments to the allowance for doubtful accounts:

1. An analysis of outstanding, aged accounts receivable.

2. Historical collection and bad debt experience.

3. Evaluations of specific accounts based on discussions with the department that originated the revenue resulting in the receivable.

Year-end adjustments to the reserve for uncollectible accounts shall be performed only with authorization from the Finance Director. This reserve account is used in the following year to write off those items that are deemed uncollectible from the prior year after further collection efforts have been abandoned, as described earlier.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

OVERVIEW

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY MONROE COUNTY. THIS POLICY ASSUMES THAT ALL PURCHASES HERUNDER WILL BE BUDGETED IN A DEPARTMENT'S ANNUAL BUDGET. PURCHASE PROCEDURES OF VARIOUS MATERIALS AND SERVICES FOR MONROE COUNTY ARE EXPLAINED IN THIS SECTION.

Monroe County requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes and grant requirements.

RESPONSIBILITY FOR PURCHASING

ALL Department Head have the authority to initiate purchases on behalf of their department, within the guidelines described here. Department Head shall inform the Finance Department of all individuals that may initiate purchases or prepare purchase orders. The Finance Department shall maintain a current list of all authorized purchasers for proper setup in the purchasing system.

The Finance Department shall be responsible for processing purchase orders. The Finance Director has approval authority over all purchases and contractual commitments according to the approved authorization thresholds, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

The ~~Purchasing and Procurement Coordinator~~ Administrative Office Specialist should be utilized to facilitate and oversee requests for the purchase of goods, services or equipment. They shall receive a copy of any finalized contract and attach with any addition information in Tyler.

CODE OF CONDUCT IN PURCHASING

(2 CFR Part 200.318 (c)(1))

Ethical conduct in managing the County's purchasing activities is absolutely essential. Staff must always be mindful that they represent the County Board and share a professional trust with other staff and funding sources.

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services.

- Staff shall notify their immediate supervisor if they are offered such gifts.

- No officer, board member, employee, or agent shall participate in the selection or administration of a vendor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his or her immediate family, his or her spouse or partner, or a County that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.

- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.

- Unsolicited gifts with a value of $25 or less may be accepted with the approval of the Department Heads.

COMPETITION

(2 CFR Part 200.319)

In order to promote open and full competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among vendors that may restrict, eliminate, or restrain trade.
- Not permit vendors who develop specifications, requirements, or proposals to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the County's best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. *(200.319(b))*
- "Name brand or equivalent" description may be used as a means to define the performance or requirements *(200.319(c)(1))*

NONDISCRIMINATION POLICY

All vendors who are the recipients of County funds or who propose to perform any work or furnish any goods under agreements with Monroe County, shall agree to these important principles:

1. Vendors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation, or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors.

2. Vendors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

PROCUREMENT PROCEDURES

The following are Monroe County's procurement procedures:

1. Monroe County shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d))*

2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. *(2 CFR Part 200.318(d)).* This analysis should only be made when both lease and purchase alternatives are available to the program.

3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. *(2 CFR Part 200.318(e))*

4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. *(2 CFR Part 200.318(f))*

5. Documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold ($150,000) shall be retained in the procurement files pertaining to each federal award. *(2 CFR Part 200.323)*

6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. *(2 CFR Part 200.319(d))*

7. Monroe County will maintain records sufficient to detail the history of procurement, including: *(2 CFR Part 200.318(i))*
    a. Rationale for the method of procurement;
    b. Selection of contract type;
    c. Vendor selection or rejection; and
    d. The basis for the contract price.

8. Monroe County shall make all procurement files available for inspection upon request by a federal or pass-through awarding agency.

9. Monroe County shall not utilize the cost-plus-a-percentage-of-costs or percentage of construction cost methods of contracting. *(2 CFR Part 200.323(d))*

All staff members with the authority to approve purchases will receive a copy of and be familiar with *2 CFR Part 200.400 – 475, Cost Principles*.

CAPITAL OUTLAY PURCHASES

Capital outlay is an expenditure of $5,000 ($1,000 Rolling Hills) or greater and having a useful life of not less than three years. This includes real property acquisition, construction, equipment, and repairs, or updating of an existing capital item which extends the life and value of the item, as opposed to normal recurring operating maintenance and repairs. The costs that are considered outlay are:

- The cost of the item itself
- Preservation costs
- Additions
- Improvements
- Ancillary cost (freight, etc.)

Outlay is determined by expenditure level, regardless of funding source. If an item is paid for fully by grants there must still be an expenditure for the full amount of cost, with an equal revenue for the funds provided by the grant.

Capital outlay items must be on a capital outlay list approved during the budget process. Changes to the list must be approved by the oversight committee, Finance Committee and County Board through either a Budget Adjustment or Repurpose of Funds action form. Requests to spend incurred savings or to substitute items on the approved outlay list must be authorized through an approved Budget Adjustment or Repurpose of Funds action.

Computer hardware or software purchases shall be made by the Information ~~Systems (IS~~) Technology (IT) Department in cooperation with the department requesting the items. Departments who can receive reimbursement for these purchases through grants or other means shall inform the ~~IS~~ IT Department. Costs of the equipment or software and ongoing maintenance shall be charged back to the user department.

LEVY OUTLAY PURCHASES

All Levy-funded outlay expenditures must be for item on the approved outlay list. Oversight Committee, Finance Committee and County Board approval must be obtained for any other expenditure of appropriated outlay dollars.

AUTHORIZATIONS AND PURCHASING LIMITS

All purchase requisitions must be completed by the department requesting the purchase. The requisition should be approved by the appropriate personnel through the workflow process. A purchase order (PO) is required before items are ordered.

1. County Authorization (pg. 55)
2. Capital Outlay Purchases (pg.56)
3. Federal Grant Authorization (pg. 57)

The following table summarizes the required approval levels and solicitation processes:

COUNTY AUTHORIZATION:	
Threshold	**Procedures**
Less than $5,000	Department Head are authorized to spend up to $5,000 for any line items that is part of their approved budget subject to the availability of funds.
$5,000 - $9,999	Three documented price quotes are required. The quotes are to be returned to the project manager. As part of the review process the Staff member requesting the expenditure shall enter a requisition and attach the price quotes in the financial system for approval to purchase through workflow by the appropriate personnel (Department Head, Finance Director and County Administrator). Once the PO has been created with the appropriate approvals the project manager can order/award the purchase. If the circumstances are such that the purchaser is unable to obtain three price quotes, the circumstances shall be documented and reported to the County Administrator.
Over $10,000	Sealed Bids will be required and there is to be a class 1 public notice published in the County's official newspaper. Upon the deadline of the sealed bids the department head shall open the sealed bids with at least one other Monroe County staff member present and create a bid sheet to be submitted to the oversight committee. As part of the review process the Staff member requesting the expenditure shall state his/her recommendation to the oversight committee for which quote to accept, why, and identify the line item of the budget from which funds will be drawn when the County is invoiced for the purchases. Upon recommendation of the most advantageous bid by the department head the oversight committee will make a decision to award the bid.
Exceptions	Approved by County Board resolution or ordinance, or Statute. Bid is covered by state contract pricing

CAPITAL OUTLAY PURCAHSES:	
Threshold	**Procedures**
$5,000 - $9,999	Three documented price quotes are required. The quotes are to be returned to the project manager. As part of the review process the Staff member requesting the expenditure shall enter a requisition and attach the price quotes in the financial system for approval to purchase through workflow by the appropriate personnel (Department Head, Finance Director and County Administrator). Once the PO has been created with the appropriate approvals the project manager can order/award the purchase. If the circumstances are such that the purchaser is unable to obtain three price quotes, the circumstances shall be documented and reported to the County Administrator.
Over $10,000	Sealed Bids will be required and there is to be a class 1 public notice published in the County's official newspaper. Upon the deadline of the sealed bids the department head shall open the sealed bids with at least one other Monroe County staff member present and create a bid sheet to be submitted to the oversight committee. As part of the review process the Staff member requesting the expenditure shall state his/her recommendation to the oversight committee for which quote to accept, why, and identify the line item of the budget from which funds will be drawn when the County is invoiced for the purchases. Upon recommendation of the most advantageous bid by the department head the oversight committee will make a decision to award the bid.
Exceptions:	Approved by County Board resolution or ordinance, or Statute. Bid is covered by state contract pricing

When the procurement involves the expenditure of federal assistance of contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal law and regulations. Nothing in this policy shall prevent any County employee from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.

FEDERAL GRAND AUTHORIZATION:			
Amount of Purchase	**Required Approvals**	**Required Solicitation**	**Required Documentation**
≤ $3,500 (micro-purchase limit (≤ $2,000 for purchases subject to Davis-Bacon)	Department Head	• Price must be considered reasonable based on similar purchases in the past • Purchase can be made from a vendor successfully used in the past • If a vendor used in the past cannot be used, at least 2 price quotes are required • As much as possible, micro-purchases should be rotated among qualified suppliers as long as the price comparable	• Receipt approved by Department Head • Evidence of price comparison, if not using past vendor
$3,501 ≤ $4,999	Department Head Finance Director	3 written bids (catalogue, Internet, written)	• Documentation of bids received • How decision was made • Procurement checklist
$5,000 ≤ $25,000	Department Head Finance Director	3 written bids (catalogue, Internet, written)	• Documentation of bids received • How decision was made • Procurement checklist
$25,001 ≤ $150,000	Department Head Finance Director County Administrator	3 written bids (Request for Bids or Request for Proposals)	• Copy of RFB or RFP • Proposal scoring grids including who participated in the scoring • Proposal and contract of winning bid • Procurement checklist
> $150,000	Department Head Finance Director County Administrator County Board	3 written bids (Request for Bids or Request for Proposals)	• Copy of RFB or RFP • Proposal scoring grids including who participated in the scoring • Proposal and contract of winning bidder • Procurement checklist
			•

NOTE: The limit is $2,000 if the purchase is subject to the requirements of the Davis Bacon Act. (pg. 81)

The Department Heads are authorized to enter into any contract on behalf of Monroe County. Contracts of $5,000 or less must be reviewed and approved by the Department Heads. Contracts in excess of this amount also require the review and approval of the Committee of Jurisdiction and the County Administrator. These policies shall also apply to renewals of existing contracts.

PRE-QUALIFIED VENDORS

Monroe County encourages departments to develop lists of approved vendors (qualified suppliers) that can be used throughout the year. The process to identify an approved vendor is as follows.

1. Develop a list of similar, commonly-purchased items that can be acquired from a single vendor (e.g. office supplies).

2. Get cost estimates for the list in total, not for each item. Include shipping costs, if necessary.

3. Obtain 2 or 3 quotes, depending on the level of expected spending for the year.

4. Compare the quotes.

5. The vendors with lowest prices, including shipping, will be approved for use during the year.

6. This process could result in multiple approved vendors if the prices are within 5% of each other.

This process should be repeated annually, with the approved list produced by January 15 and shared with all departments. Vendors may be added throughout the year, but all vendors will be reevaluated January 1.

USE OF PURCHASE ORDERS

Monroe County utilizes Tyler. A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost) in excess of $500 or some other threshold established by the County, with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual.

A properly completed purchase order shall contain the following information, at a minimum:

1. General Description

2. Vendor Name and Correct Address

3. Allocation

4. Shipping and Billing

5. Description: Line Detail

6. Quantity

7. Unit Price

8. Gross Amount

9. Approval: Workflow

10. Date Ordered

Purchase orders shall be issued upon appropriate workflow approvers and will be given to the vendor or supplier for inclusion on the invoice for proper matching.

All purchase orders will be recorded in Tyler. At the end of each accounting period, an aged outstanding purchase order report shall be prepared and distributed to Department Heads.

BLANKET PURCHASE ORDERS

Blanket purchase orders can be created for purchases to be made throughout the year from the same vendor when the total amount to be purchased can be reasonably estimated. The blanket purchase order number will be used each time an order is placed and needs to appear on each invoice.
Blanket purchase orders are subject to the same authorization limits and solicitation as regular purchase orders.

1. Blanket purchase orders can be used when:
   - Purchasing repetitive, specified services or items, or categories of items from the same vendor; which are purchased and paid in a predictable manner during a certain time period, not to exceed one-(1) year
   - Ordering standard materials or maintenance supplies which require numerous shipments
   - To enable the buyer to obtain more favorable pricing through volume commitments

2. Blanket purchase orders generally cannot be used when:
   - No benefit will be derived over and above use of a regular purchase order
   - Providing an open line of credit with a vendor
   - Prices are unknown at ordering time, or subject to change later without notice
   - Quality of the vendor and/or goods or services are questionable
   - Control over Monroe County's expenditures would be weakened significantly

3. A uniform blanket purchase order format should be used and shall include the following information:
   - The period to be covered by the blanket agreement (not exceed to one year)
   - A cancellation clause
   - The previous blanket purchase order number if this is a replacement blanket purchase order
   - Items and/or categories of items to be covered by the blanket purchase order
   - Maximum quantities, if any
   - Prices and pricing arrangements
   - Terms and billing arrangements
   - Personnel authorized to issue order releases

4. Pricing: Price, F.O.B. terms, commodities, and quantity should be established before the blanket purchase order is issued.

It shall be the responsibility of the ordering department to monitor the prices and terms of their blanket purchase order.

NON COMPETITIVE PURCHASES (SOLE SOURCE)

EMERGENCIES:

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of County property is involved. If a levy-funded outlay item is purchased under the emergency procedure, and is not included on the outlay list approved at budget time, a revision of that department's outlay list must be approved through a Budget Adjustment or Repurpose of Funds action. The reasons for such purchases will be documented in the procurement file.

Emergency purchases shall only be made to:
1. Prevent delays in construction or delivery of essential services
2. To meet emergencies that may cause a financial harm to public property of other public assets
3. To meet emergencies that may cause financial harm to people or private assets
4. To stay an immediate threat to the health or safety of the public and employees

Emergency purchases specific to those outlined in this section are to be approved by the County Administrator or the County Board Chair.

SINGLE DISTRIBUTOR/SOURCE:

Sole source purchases may be made when one or more of the following circumstances apply: *(2 CFR 200.320(f))*

- The item or service is only available from a single source
- The situation is an emergency and will not permit a delay resulting from competitive solicitation
- The awarding agency expressly authorizes a noncompetitive proposal in response to a written request
- After solicitation, competition is deemed inadequate (insufficient bidders).

Approval from the awarding agency may be required.

REQUIRED SOLICITATION OF QUOTATIONS FROM VENDORS

Solicitations for goods and services (requests for proposals or RFPs) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product, or service to be procured. Descriptions shall not contain features which unduly restrict competition. *(2 CFR Part 200.319(c)(1))*

2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. (See the next section entitled Evaluation of Alternative Vendors for required criteria.) *(2 CFR Part 200.319(c)(2))*

3. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. *(2 CFR Part 200.319(c)(1))*

4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. *(2 CFR Part 200.319(c)(1))*

5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.

6. The date by which proposals are due.

7. Required delivery or performance dates/schedules.

8. Clear indications of the quantity(ies) requested and unit(s) of measure.

EXTENSION OF DUE DATES AND RECEIPT OF LATE PROPOSALS

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offeror so requests.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained, unopened, in the procurement folder. Vendors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

EVALUATION OF ALTERNATIVE PROPOSERS

Proposers shall be evaluated on a weighted scale that considers some or all of the following criteria as appropriate for the purchase:

1. Adequacy of the proposed methodology
2. Skill and experience of key personnel
3. Demonstrated experience
4. Other technical specifications designated by the department requesting proposals
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)

6. Proposer's financial stability
7. Proposer's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by proposer
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority, small business, women-owned business status of proposer, or labor surplus firm
12. Other criteria (to be specified by the department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a vendor has been selected and approved by the Department Head, the final selection shall be approved by others according to Monroe County's purchasing approval policies.

AFFIRMATIVE CONSIDERATION OF MINORITY, SMALL BUSINESS, WOMEN-OWNED BUSINESSES, AND LABOR SURPLUS AREA FIRMS

(2 CFR Part 200.321)

NOTE: A Labor Surplus Area (LSA) is designated by the US Department of Labor (DOL). An LSA is a civil jurisdiction that has a civilian average annual unemployment rate during the previous two calendar years of 20 percent or more above the average annual civilian unemployment rate for all states (including Puerto Rico) during the same 24-month reference period.

A list of labor surplus areas can be found at this link. www.doleta.gov/programs/lsa.cfm

Positive efforts shall be made by Monroe County to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. *(2 CFR Part 200.321)*

2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, women's business enterprises and labor surplus area firms. *(2 CFR Part 200.321(b)(4))*

3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms. *(2 CFR Part 200.321(b)6))*

4. Encourage contracting with consortiums of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. *(2 CFR Part 200.321(b)(3))*

5. Use the services and assistance, as appropriate, of such entities as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises. *(2 CFR Part 200.321(b)(5))*

AVAILABILITY OF PROCUREMENT RECORDS

(2 CFR Part 200.324(b))

Monroe County shall, on request, make available for the federal awarding agency, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the procurement standards in 2 CFR Part 200. *(2 CFR Part 200.324(b)(1))*

- The procurement is expected to exceed the federally-defined simplified acquisition threshold ($150,000) and is to be awarded without competition or only one bid is received. *(2 CFR Part 200.324(b)(2))*
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product. *(2 CFR Part 200.324(b)(3))*
- The proposed award exceeds the federally-defined simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. *(2 CFR Part 200.324(b)(4))*
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the federally-defined simplified acquisition threshold. *(2 CFR Part 200.324(b)(5))*

PROVISIONS INCLUDED IN ALL CONTRACTS

(2 CFR Part 200 Appendix II)

Monroe County includes all of the following provisions, as applicable, in all contracts charged to federal awards (including small purchases) with vendors and subgrants to grantees:

1. **Contracts for more than the simplified acquisition threshold**, currently set at $150,000, must address administrative, contractual, or legal remedies in instances where vendors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

2. All **contracts in excess of $10,000**, must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

3. **Equal Employment Opportunity**: All contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

4. **Davis-Bacon Act, as amended (40 U.S.C. 3141-3148):** When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by Monroe County and its subrecipients must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").

5. The contracts must also include a provision for compliance with the **Copeland "Anti-Kickback" Act (40 U.S.C. 3145)**, as supplemented by Department of Labor regulations (29 CFR part 3). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

6. **Contract Work Hours and Safety Standards Act** (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of $100,000 that involve the employment of mechanics or laborers must include provisions concerning overtime pay and working conditions in compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5).

7. **Rights to Inventions Made Under a Contract or Agreement:** If the Federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit County regarding the substitution of parties, the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit County and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award agency.

8. **Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended:** Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251-13287). Violations must be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

9. **Debarment and Suspension (E.O.s 12549 and 12689):** A contract award must not be made to the parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension." SAM Exclusions contains the names of parities debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than E.O. 12549.

   NOTE: A list of excluded parties can be found at www.sam.gov. Note that some federal grants require evidence that a search for debarment or suspension status was completed for every purchase.

10. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** Contractors the apply or bid for an award exceeding $100,000 must file the required certification that it will not and has not used federal appropriated funds to pay any person or County for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.

RIGHT TO AUDIT CLAUSE

Monroe County requires a "Right to Audit" clause in all contracts between the County and vendors that either:

1. Take any form of temporary possession of assets directed for the County

2. Process data that will be used in any financial function of the County.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the vendor's operations that apply to Monroe County, as well as all documents maintained or processed on behalf of Monroe County, for a period of three years. The clause shall state that such audit procedures may be performed by Monroe County employees or any outside auditor or vendor designated by the County.

VERIFICATION OF NEW VENDOR

~~The Accounts Payable Accountant I will perform additional procedures to validate the legitimacy of new vendors that shall be paid one-time or cumulative payments in excess of $25,000 or other amount as determined by your County. For such vendors, the Accounts Payable Accountant I shall perform a limited public records search and shall contact the vendor to validate its existence.~~

New vendors are required to submit a W-9 to the Department that will be utilizing the vendor. The Department head then forwards the W-9 to the Administrative Office Specialist that sets up the vendor in Munis and scans documentation to the Vendor record. The Vendor record is approved by the workflow process. **A vendor will not be established until a W-9 is received** to comply with IRS 1099 rules.

VENDOR FILES AND REQUIRED DOCUMENTATION

~~The Finance Department shall create a vendor file~~ Documentation is scanned into Munis for each new vendor or re-activated vendor from whom Monroe County purchases goods or services.

~~The Department Head shall mail a blank Form W-9 to new vendor and request that the vendor complete and sign the W-9 (or provide equivalent, substitute information) and return it in the postage-paid envelope provided (or via email, fax). Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor's file. Vendors who do not comply with this request shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the *GOVERNMENT RETURNS section* of this manual. *See the PAYROLL AND RELATED POLICIES section* for guidance on determining whether a vendor should be treated as an employee.~~

~~Vendor files~~ Information scanned for vendors shall have the following information:

1. Completed and signed Form W-9. Vendors being reactivated are required to complete a new Form W-9 to verify current name, address, and tax ID number.

2. Vendors with a post office (PO) box shall provide a physical location address for the master file. The PO Box number may be used for postal purposes. The vendor name and physical address will be verified by performing an online search, mailing of vendor forms that are required to be returned.

The following procedures will be performed prior to creating or re-activating all vendor files to help ensure that each vendor only has one master file (some vendors will have more than one master file due to different 1099 statuses):

1. Search for existence of the tax ID number in the master file.
2. Search for name variations and name standardization (entity resolution) (e.g. Doe, John; J Doe; John Doe).
3. Search for matching or similar addresses.
4. Perform an online search of the vendor and the physical address to determine validity.
5. Search for matches against the employee master file.

VENDOR MASTER FILE MAINTENANCE

Monroe County will monitor the vendor master file on a regular basis, with a full review of the master listing completed every year, prior to year-end.

The Finance Department will review the master file for:

1. Duplicate vendors. Vendors with the same or similar tax ID number, name, address, email, contact, and other information. Duplicate vendors will be merged, inactivated if appropriate.
2. Vendors with a post office (PO) box address. Vendors with only a PO Box will be required to provide a physical location address for the master file.
3. Vendors without activity in the past year will be inactivated. Inactivated vendors must go through the vendor creation process before being re-activated.
4. Add additional maintenance procedures.

PROCUREMENT GRIEVANCE PROCEDURES

Any bidder may file a grievance with Monroe County following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the County's appeal procedures must be made available to all prospective vendors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance.

Grievances are limited to violations of federal laws or regulations, or failure of the County to follow its own procurement policies.

RECEIPT AND ACCEPTANCE OF GOODS

A Receiving Department or designated individual shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

CONTRACT ADMINISTRATION

Monroe County is required to have policies and procedures on contract administration. *(2 CFR Part 200.318(b))* Therefore, all contract managers will adhere to the following procedures.

1. Contract administration files shall be maintained:
   a. For each contract greater than $10,000 a separate file shall be maintained.
   b. For contracts less than $10,000, contract records may be combined in a single file, filed by grant or other funding source.

2. Contract administration files shall contain:
   a. The required documentation specified in the Authorizations and Purchasing Limits table for the original scope of work and for all amendments.
   b. Where the contract work is identified in the grant award or budget, the identification and scope of the work contained in the award or budget, and all approved changes.

3. Authorization of work:
   a. No work shall be authorized until the contract for the work has been approved and fully executed.
   b. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed.
   c. No amendment of a contract for work shall be executed until it has been approved and authorized as required in the Authorizations and Purchasing Limits table and, where required by the terms of the grant award or budget, approval by the funding source.

4. Conformance of work:
   a. For each grant award, based on applicable laws, regulations and grant provisions, the Program Director shall establish and maintain a system to reasonably assure vendor:
      i. Conformance with the terms, conditions, and specifications of the contract, and
      ii. Timely follow-up of all purchases to assure such conformance and adequate documentation.

5. The Program/Department/Grant Manager will authorize payment of invoices to contracts after final approval of work products.

SUBRECIPIENTS

MAKING OF SUBAWARDS

From time to time, Monroe County may find it practical to make subawards of federal funds to other entities. All subawards in excess of the simplified acquisition threshold ($150,000) shall be subject to the conflict of interest policies described in the PURCHASING POLICIES AND PROCEDURES section. In addition, all subrecipients must be approved in writing by the federal awarding agency and agree to the subrecipient monitoring provisions described in the next section.

Monroe County is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring. Evaluations may include such factors as: *(2 CFR Part 200.331(b))*

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel, or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

In addition, Monroe County shall obtain the following documents from all new subrecipients:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))
4. Last three years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years' audit reports and management letters received from subrecipient's independent auditor (including all reports associated with audits performed in accordance with 2 CFR Part 200.500 – 521, if applicable)
6. Copy of the most recent internally-prepared financial statements and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations, or monitoring procedures performed in the last three years

MONITORING OF SUBRECIPIENTS

When Monroe County utilizes federal funds to make subawards to subrecipients, Monroe County is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to all subawards of Federal funds made by Monroe County to subrecipients:

The following required information will be provided to all subrecipients:

1. Federal Award Identification.
    a. Subrecipient name (which must match the name associated with its unique entity identifier);
    b. Subrecipient's unique entity identifier;
    c. Federal Award Identification Number (FAIN);
    d. Federal Award Date;
    e. Subaward Period of Performance Start and End Date;
    f. Amount of Federal funds obligated by this action;
    g. Total Amount of Federal funds obligated to the subrecipient;
    h. Total Amount of the Federal award;
    i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
    j. Name of Federal awarding agency, pass-through entity, and contact information for awarding official,

k. Catalogue of Federal Domestic Assistance (CFDA) Number and Name. Monroe County must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
l. Identification of whether the award is research and development (R & D); and
m. Indirect cost rate for the Federal award (including if the de minimis rate is charged per 2 CFR Part 200.414 Indirect (F&A) costs).

2. All requirements imposed by Monroe County on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

3. Any additional requirements that Monroe County imposes on the subrecipient in order for Monroe County to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between Monroe County and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in 2 CFR Part 200.414(f), Indirect costs.

5. A requirement that the subrecipient permit Monroe County and auditors to have access to the subrecipient's records and financial statements as necessary for Monroe County to meet the monitoring requirements of 2 CFR Part 200; and

6. Appropriate terms and conditions concerning closeout of the subaward.

7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.

8. Subawards shall require that subrecipients submit financial and program reports to Monroe County on a basis no less frequently than monthly.

9. Monroe County will follow up with all subrecipients to determine whether all required audits have been completed. Monroe County will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 220.501. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200.501, Monroe County shall obtain and review the resulting audit reports for possible effects on Monroe County's accounting records or audit.

10. Monroe County shall assign a staff member the responsibility of monitoring each subrecipient on an ongoing basis during the period of performance. This employee will establish and document, based on her or his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.

11. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
    a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
    b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
    c. Monitoring subrecipient budgets.
    d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
    e. Offering subrecipients technical assistance where needed.
    f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to ensure that appropriate corrective action is taken.
    g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.

12. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.

13. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with Monroe County, responsive actions by the County shall be determined by the appropriate Department Head and the Finance Director. Such actions may consist of any of the following actions:

a. Increasing the level of supporting documentation that the subrecipient is required to submit to Monroe County on a monthly or periodic basis.
b. Requiring the subrecipient prepare a formal corrective action plan for submission to Monroe County.
c. Requiring that certain employees of the subrecipient undergo training in areas identified as needing improvement.
d. Requiring documentation of changes made to policies or forms used in administering the subaward.
e. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of the Monroe County accounting or grant administration staff.
f. Providing copies of pertinent laws, regulations, federal agency guidelines, or other documents that may help the subrecipient.
g. Arranging with an outside party (such as Monroe County's own independent auditors) for periodic on-site monitoring visits.
h. Reimbursing the subrecipient for allowable expenses and not providing advance of grant funds.
i. Requiring review and approval for each disbursement and all out-of-area travel.
j. As a last resort, terminating the subaward relationship and seeking an alternative.

LOBBYING

LOBBYING ACTIVITIES DEFINED

Lobbying activities conducted by the County may be either direct or indirect. Direct lobbying activities consist of attempts to influence legislation through communication with any member or employee of a legislative body (federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the County or paid lobbyists communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, as long as a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the County is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the County supports or opposes), and

2. The communication reflects a view on the legislation (supporting or opposing it).

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics, plus it encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

SEGREGATION OF LOBBYING EXPENDITURES

No lobbying expenditures may be charged directly or indirectly to any federal award (i.e., the County must have a nonfederal source of funds to which such lobbying costs can be charged).

Accordingly, Monroe County segregates all direct and indirect lobbying expenditures in a separate section of the chart of accounts in the general ledger. Where appropriate, lobbying expenditures shall also be allocated their fair and reasonable share of employee benefits and other allocated costs in accordance with cost allocation policies described elsewhere in this manual.

CHARGING COSTS TO FEDERAL AWARDS

OVERVIEW

Monroe County charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards.

SEGREGATING UNALLOWABLE FROM ALLOWABLE COSTS

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.

2. Grant managers and finance personnel shall be familiar with the allowability of costs provisions (2 CFR Part 200.400 – 475, Cost Principles), particularly:
   a. The list of specifically unallowable costs found in 2 CFR Part 200.421 – 475, Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, etc.
   b. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with 2 CFR Part 200.407, Prior Written Approval, such as participant support costs, equipment purchases, etc.

3. No costs shall be charged directly to any federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200.400 – 475, Cost Principles.

4. For each federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.

5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a federal award or to activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

CRITERIA FOR ALLOWABILITY

All costs must meet the following criteria from 2 CFR Part 200.402 – 406, Basic Considerations, in order to be treated as allowable direct or indirect costs under a federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
   a. Whether the cost is of a type that is generally considered as being necessary for the operation of the County or the performance of the award.
   b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations, and the terms and conditions of the award.
   c. Whether the individuals concerned acted with prudence in the circumstances.
   d. Consistency with established policies and procedures of the County, deviations from which could unjustifiably increase the costs of the award.

2. The cost must be “allocable” to an award by meeting one of the following criteria:
   a. The cost is incurred specifically for a federal award,
   b. The cost benefits both the federal award and other work and can be distributed in reasonable proportion to the benefits received, or
   c. The cost is necessary to the overall operation of the County, except where a direct relationship to any particular program or group of programs cannot be demonstrated.

3. The cost must conform to any limitations or exclusions of 2 CFR Part 200 Subpart E, Cost Principles, or the federal award itself.

4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the County.

5. Costs must be consistently treated over time.

6. The cost must be determined in accordance with generally accepted accounting principles (GAAP).

7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.

8. The cost must be adequately documented.

DIRECT COSTS

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 *(2 CFR Part 200.413(a)).* Monroe County identifies and charges these costs exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate Grant Manager.

Time sheets are submitted on a regular basis, reflecting employees' work and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to federal awards and nonfederal functions.

See the PAYROLL section of this manual for detailed procedures.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e., Hazmat equipment shall not be capitalized and depreciated for grant purposes, but will be capitalized and depreciated at year-end for financial statement purposes).

INDIRECT COSTS

Indirect costs are those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective or that are necessary for the overall operation of Monroe County (management and general costs).

After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefitting cost objectives. A cost may not be allocated to a Federal award as an indirect cost if any other cost that was incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.

Monroe County maintains an annual indirect cost budget. Each year a new indirect cost rate proposal is prepared and submitted to Monroe County's cognizant agency for approval.

Monroe County's will allocate indirect costs using it's negotiate indirect cost or elected de minimis rate.

SHARED OR JOINT COSTS

Shared or joint costs are those that have been incurred for common or shared objectives and are not easily identifiable with a particular grant or programs, but are necessary to the operation of these grants or programs. Shared or joint costs will be allocated fairly to all objectives benefiting from the costs as described in Monroe County's approved cost allocation plan. Indirect costs, but not shared or joint costs, will be allocated to benefiting grants through the use of an indirect cost rate.

Examples of Monroe County's shared or joint costs are:

- Payroll Processing
- Voucher Check Processing
- IT Staff Time: County Wide, Software Maintenance, Safeguarding Network, ~~ect.~~ etc

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be charged to corporate or other funds that may cover indirect or shared or joint costs after the allocation process is complete.

DIRECT COSTING PROCEDURES

Direct and shared or joint costs are allocated to the benefiting programs using cost pools under the following policies and procedures:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.

2. As much as possible, costs will first be charged directly to benefiting programs.

3. All remaining shared or joint costs will be allocated on the most meaningful measures, as determined in the County's approved cost allocation plan. This document is filed under separate cover.

4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, number of children or clients.

INDIRECT COST RATE

Monroe County maintains an annual indirect cost budget. Each year the County prepares an indirect cost rate proposal and submits it to its cognizant agency for negotiation and approval.

CENTRAL SERVICES COST ALLOCATION PLAN

Monroe County prepares and maintains a Central Service Cost Allocation Plan to identify, accumulate, and allocate or develop billing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies.

The plan documents the County's method and processes of fairly and equitably allocating the central service costs that will be claimed (either as a billed or an allocated cost) under Federal awards. Costs and other data used to distribute the costs included in the plan will be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards. Central service costs not included in the plan will not be reimbursed.

The County's central service cost allocation plan will be prepared and finalized six months prior to the beginning of each fiscal year in which it proposes to claim central service costs.

ACCOUNTS PAYABLE MANAGEMENT

OVERVIEW

Monroe County strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and bank account reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by an individual who is not responsible for ordering and receiving.
- The amounts recorded are based on the vendor invoice for the related goods or services.
- The vendor invoice should be supported by an approved purchase order where required by County policy, and should be reviewed and approved through workflow prior to being processed for payment.
- Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

- Disbursements are properly authorized.
- Invoices are processed in a timely manner.
- Vendor credit terms and operating cash are managed for maximum benefits.

RECORDING OF ACCOUNTS PAYABLE

- All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.
- Accounts payable are processed on a daily basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.
- Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records.
- Invoices received via email to APClerk will be processed by the Accounts Payable Accountant I and released for workflow approvals.
- Any additional copies of the emailed invoice will be deleted.
- No payments will be made from vendor statements.

ACCOUNTS PAYABLE CUTOFF

For purposes of the preparation of the County's monthly financial statements~~, all vendor invoices that are received, approved, and supported with proper documentation by the fifth day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month, if the invoice pertains to goods or services delivered by month-end.~~ Purchase orders that are open will show in the Encumbrances section of financial reports.

STANDARD BILL PAYING PROCEDURES

The following is the standard procedure to be followed for all purchasing categories (See the specific spending categories for authorization steps):

1. The department enters and releases a requisition in the financial software as a request to purchase.
2. The requisition is approved through workflow by the appropriate personnel.
3. The requisition is converted to a purchase order upon approval (purchase order is sent out to vendor if needed)
4. Payments will be made on presentation of an itemized invoice or other original document identifying the items to be paid and the cost for the specific purchase. Payments will not be made using statements. Invoices will be attached to corresponding PO's that have been entered and approved through workflow by the appropriate personnel. (Invoices shall be received by noon on Wednesday to be processed in the current week).
5. The invoice will be released for approval of appropriate personnel.
6. Checks will be generated by the Finance Department for all approved invoices.
7. The detailed invoice list shall be sent to the Treasurer's Office for check printing.
8. All checks will be printed and sealed by the Treasurer's office and walked over to the County Clerk's Office for mailing/dispersal.
9. The check file shall be uploaded to the county bank for positive pay.
10. The Finance Committee shall be provided with a record of all checks that have been paid in the prior month for review and approval. They shall be provided a copy of any invoice upon request.

PAYMENT DISCOUNTS

To the extent practical, Monroe County takes advantage of all prompt payment discounts offered by vendor. When such discounts are available and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

EMPLOYEE EXPENSE REPORTS

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. (See further policies under the EMPLOYEE AND DEPARTMENT HEAD BUSINESS TRAVEL section of this manual.) All required receipts must be attached, and a brief description of the business purpose of the trip or meeting must be noted as a comment in the payroll system. Expense reports will be processed for payment in the next cycle if received within two business days of the deadline. Expenses older than two months will not be reimbursed.

The Payroll Accountant II will check expense reports against timesheets to ensure agreement of dates and activities.

RECONCILIATION OF A/P SUBSIDIARY LEDGER TO GENERAL LEDGER

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences will be investigated and adjustments made as necessary. The reconciliation and the results of the investigation of differences must be reviewed and approved by the Finance Director.

Also on a monthly basis, the Financial & System Control ~~Specialist~~ Coordinator shall perform the following procedures:

1. Check the purchase order file for open purchase orders more than 30 days old and follow up.

EMPLOYEE AND DEPARTMENT HEAD BUSINESS TRAVEL

At the conclusion of a Monroe County business trip, the employee or member of the Board of Supervisors who has incurred business-related expenses should complete an expense report in accordance with the following policies:

1. Documentation must justify that participation of the traveler is necessary for the Federal award and costs are reasonable and consistent with Monroe County's travel policy. *(2 CFR Part 200.474(b)(1) and (2))*

2. Identify each separately incurred business expense (i.e., do not group all expenses associated with one trip together).

3. With the exception of tips, tolls, reimbursed mileage, and per diems, all business expenses must be supported with invoices/receipts.

4. County Employee's and Board Members shall charge lodging on county approved credit cards.

5. For airfare, airline-issued receipts must be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and return trip boarding pass(es).

6. Mileage may be reimbursed at 90% of the standard federal rates in effect at time of travel, as established in July for the next year.

7. General ledger account coding must be identified for all expenditures.

8. For all meals and other business expenditures, the following must be clearly identified:
   a. Names, titles, entity name, and business relationships of all persons
   b. The business purpose of the meal or other business event (topics discussed, etc.)
   c. Meal receipts should be the actual, detailed receipt, not the credit card receipt. The credit card receipt may not provide enough detail.

9. All expense reports must be signed and dated by the employee.

10. All expense reports must be approved by the employee's Supervisor.

11. Only one expense report form should be prepared for each trip.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. The employee will be reimbursed through the next payroll.

Monroe County will reimburse employees at per diem rates established by the General Services Administration (GSA) for the location to which they travel if such rates are specified in the specific grant contract being utilized for the expenditures.

   a. It is the County's policy that payment for the first and last day of travel will be at 75% of the full per diem.
   b. If the conference or meeting which the traveler attends provides a meal, the value of that meal as determined by GSA tables will be deducted from that day's per diem.

REASONABLENESS OF TRAVEL COSTS

Monroe County shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Payment for suites and other upgraded rooms at hotels shall not be allowed unless required by a medical condition. Travelers should stay in standard rooms.

2. Ask hotels for any available discounts – nonprofit, government, or corporate rates.

3. When utilizing rental cars, travelers should rent midsize or smaller vehicles unless safety considerations require a larger vehicle. Rental of a vehicle larger than midsized must be approved by a supervisor. Share rental cars whenever possible.

~~4. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum. Expense reports should explain long-distance charges.~~

5. ~~Whenever possible,~~ travelers should utilize ~~long-distance calling cards~~ agency provided cell phones or the softphone functionality on our computers when placing calls while away on travel. Avoid using the hotel's long-distance service whenever possible. (Note: see the next section of cell phone policies.)

6. Reasonable tips for baggage handling shall be reimbursed. No receipts are required.

7. If required by the funding source, foreign travel charged to federal grants must be approved in writing by the funding source prior to travel.

SPECIAL RULES PERTAINING TO AIR TRAVEL

The following additional rules apply to air travel:

1. Air travel should be at coach class or the lowest commercial discount fare at the time the ticket is purchased except when this fare would:
   a. Require circuitous routing,
   b. Require travel during unreasonable hours,
   c. Excessively prolong travel,
   d. Result in additional costs that would offset the transportation savings, or
   e. Offer accommodations not reasonably adequate for the traveler's medical needs.

2. First class air travel shall not be reimbursed unless there is a medical reason which must be documented by ~~Human Resources~~ the Personnel Department and approved by a supervisor.

3. Memberships in airline flight clubs are not reimbursable.

4. Cost of flight insurance is not reimbursable.

5. Cost of upgrade certificates is not reimbursable.

6. The cost of baggage fees required by airlines to either check or carry-on luggage is allowable and reimbursable.

7. Cost of canceling and rebooking flights is not reimbursable, unless it can be documented that it was necessary or required for legitimate business reasons (such as changed meeting dates, etc.).

8. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes (i.e., Monroe County will not reimburse for the personal legs of a trip).

9. Frequent flyer miles will accrue to the traveler, not the County.

SPOUSE/PARTNER TRAVEL

Monroe County does NOT reimburse any employee or board member for separate travel costs (air fare, etc.) associated with his or her spouse or partner. The cost of a shared hotel room need not be allocated between employee/supervisor and spouse/partner for purposes of this policy, as long as they are being charged no more than the State Rate for Single Occupancy.

CELL PHONES

ISSUANCE OF COUNTY CELL PHONES

Monroe County recognizes that certain job functions require that an employee be accessible when away from the office or during times outside scheduled working hours. For this reason, Monroe County will provide cell phones to select employees as a working condition fringe benefit. Supervisors of employees who travel frequently on County business may request a corporate cell phone for those employees by contacting the ~~Information Systems Department~~ Administrative Office Specialist. Monroe County will include language in employment contracts, job descriptions, and personnel manuals documenting the business reasons for providing employees with cell phones.

County cell phone holders will be required to sign a statement acknowledging that the cell phone shall be used for legitimate County-related business purposes, shall not be used while driving. The cell phone holder also agrees to take reasonable precautions to protect the cell phone from loss or theft by storing it in a secure location. Upon approval, a cell phone will be issued bearing the names of both the individual and Monroe County.

While County-issued cell phones are intended for County-related business use, Monroe County recognizes that occasional personal use may occur. Monroe County employees should make every effort to keep personal use of company cell phones to a minimum. Because such employer-provided cell phones are considered to be a working condition fringe benefit, the Monroe County employees' use of the cell phone for personal reasons may be treated as excludable from the employees' income as a de minimis fringe benefit. That is, the value of personal use of a County-owned cell phone will not be taxable income to the employee.

CELL PHONE USE

Employees of Monroe County are prohibited from using a corporate-owned cell phone or similar device, hands-on or hands-free, while driving, whether the business conducted is personal or County-related. This prohibition includes receiving or placing calls, text messaging, accessing the Internet, receiving or responding to email, checking for or listening to voice messages, or any other uses.

Similarly, employees of Monroe County are prohibited from using their personal cell phone or similar device for any purpose, hands-on or hands-free, while driving either a company vehicle or a personal vehicle while on company business.

CELL PHONE PLANS

The ~~[Department]~~ County will negotiate a master cell phone contract with a single vendor. All ~~corporate-owned~~ requests for cell phones will be approved by the Department Head and forwarded to the Administrative Office Specialist who will order cell phones ~~are to be acquired~~ through the preapproved vendor. Exceptions to this policy may be made due to cell phone area coverage. Any exceptions must be approved by the employee's supervisor. ~~Employees issued a corporate cell phone will estimate their usage needs and identify a plan that best accommodates those needs with the pre-approved vendor.~~

~~Cell phone plan terms will initially be set based on the employee's anticipated needs.~~

~~The employee's supervisor will monitor usage and recommend adjustments to terms as needed to ensure that the employee is on the most efficient plan based on his or her needs. Initial cell phone plan terms and any subsequent changes in terms will be approved in advance by the Department Head.~~

Monroe County requires the following review and approval procedures:

- ~~Supervisors shall review and sign the monthly statement for cell phone holders they supervise and forward it to the Finance Department.~~
- ~~The board chair or treasurer will approve cell phone statements for the Department Head.~~
- ~~Supervisor signatures indicate that the usage is approved and that the calls were made in accordance with Monroe County policies.~~

- The Administrative Office Specialist will enter a requisition for charges the pre-approved cell phone provider into Munis monthly and will follow the Accounts Payable process.
- For departments that have cell phones from a provider other than the pre-approved provider, that department is responsible for payment of the bill.
- Any fraudulent or other unauthorized usage shall be immediately pointed out to the ~~Finance Director~~ Administrative Office Specialist for further investigation with the cell phone provider.

Cell phone holders shall report the loss or theft of a county cell phone immediately by notifying the cell phone provider as well as the Department Head.

REVOCATION OF COUNTY CELL PHONES

Failure to comply with any of these policies associated with the use of Monroe County's corporate cell phones shall be subject to possible revocation of corporate cell phone privileges. The Finance Director, with the approval of the Department Heads, shall determine whether cell phones are to be revoked.

PERSONAL EMPLOYEE CELL PHONES

Employees are not allowed to use personal cell phones for County business.

Use of personal cell phones during County paid time should be considered a privilege as long as there is not abuse by staff. Each department may restrict the carrying or use of cell phones by staff as deemed appropriate for the department working conditions in the judgment of the Department Head with advance notice to staff. In an emergency situation, employees may carry their personal cell phones in vibrate mode. Excessive personal calls or abuse of cell phone privileges during working hours will subject an employee to discipline as well as restriction on carrying and use of personal cell phones.

Carrying or use of personal cell phones on Monroe County premises is a privilege for employees, who are expected to abide by this policy regarding cell phone use. Violations of this policy may result in revocation of the permission to carry a cell phone on County premises in addition to discipline up to and including discharge depending on the violation.

~~Employees needing to make periodic legitimate County business calls when they are off-site may elect to utilize their personal cell phones for such calls. The County shall reimburse employees and officers for properly supported and documented business calls charged to personal cell phones within five business days of the proper completion of an expense report. Reimbursement will be calculated as a percentage of the total monthly usage. For example, if 10% of the minutes for the month were used for County-related calls, Monroe County will reimburse 10% of the bill. See the earlier policy on employee expense reports for expense report preparation procedures.~~

PICTURE PHONES

Use of picture phones, whether County or Personal must be in compliance with the County Code of Ethics and respectful of client and staff privacy rights. Generally, photographs should not be taken contrary to a person's wishes, nor where a client or personal confidentiality or privacy may be violated. Absolutely no lewd or obscene photographs may be taken or displayed at work. Violations may result in confiscation of the picture cell phone in addition to discipline.

~~PERSONAL CELL PHONES OR SIMILAR DEVICES AT WORK~~ (MOVED TO SECTION ABOVE)

~~Employees of Monroe County are asked to minimize the use of personal cell phones in the workplace. In an emergency situation, employees may carry their personal cell phones in vibrate mode.~~

~~Carrying or use of personal cell phones on Monroe County premises is a privilege for employees, who are expected to abide by this policy regarding cell phone use. Violations of this policy may result in revocation of the permission to carry a cell phone on County premises in addition to discipline up to and including discharge depending on the violation.~~

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

CHECK PREPARATION

Monroe County Treasurer's office prints vendor checks ~~and expense reimbursement checks~~ on a weekly basis. All vendor ~~and expense reimbursement~~ checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel policies described in this manual.

2. Timing of disbursements should generally be made to take advantage of all early-payment discounts.

3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services.

4. Total cash requirements associated with each check run are monitored in conjunction with available cash balance in the bank prior to the release of any checks.

5. All supporting documentation is attached in Munis.~~to the corresponding check prior to forwarding the entire package to an authorized check signer.~~

6. ~~Checks shall be utilized in numerical order and unused checks are~~ Unused check stock will be stored in a locked safe in the Treasurer's Department.

7. Checks shall never be made payable to "bearer" or "cash."

8. Checks shall never be signed prior to being prepared.

9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

CHECK SIGNING

Checks require two signatures; the Treasurer and the County Clerk. No check shall be signed prior to the check being completed in its entirety (no signing of blank checks).

~~Checks shall be signed by an individual other than the one who approved the transaction for payment.~~

Check signers should only sign checks that have been approved through the financial system standard bill paying procedures found earlier in this manual. Checks should not be signed if there are questions about a disbursement.

NON-MANUAL OR ELECTRONIC CHECK SIGNING

Equipment used to sign checks (plates, CD-ROM, password-protected function, etc.) will be secured. Access shall be restricted to the authorized check signers. The Treasurer's Office Clerk II will request access to check signing equipment as needed. Passwords will be entered by authorized signers only. An authorized check signer will review each check run and electronic fund transfer (EFT) with the Detailed Invoice list, and initial and date indicating approval.

USE OF POSITIVE PAY SYSTEM

Monroe County utilizes a "Positive Pay" system with its financial institution for all checks drawn on the operating account. With this system, the Accounts Payable Accountant I electronically communicates to the financial institution a list of check numbers, amounts, and payees in connection with each check run. The financial institution shall then notify the Treasurer if any check is presented for payment that does not match the three characteristics for valid checks.

The Treasurer shall be the only person authorized to communicate approvals of checks to the bank that have been flagged by the bank's positive pay system.

PROCEDURE FOR PRINTING, SEALING, AND DISBURSING CHECKS

1. Once they have received Detail Invoice Notice from the Finance Department to proceed, the Treasurer's Office staff will print the designated checks from the Tyler Financial System.

2. Immediately following the printing process, the Treasurer's Office staff will insert the disbursement checks into the pressure sealer for processing.
   - The Tyler Systems Signature Key will be secured by the Treasurer's Office at all times. When in use a Treasurer's Office Staff person will remain within visual distance of the key to secure it from loss or theft.
   - The Tyler Systems Signature Key will be stored securely in a safe when not in use.
   - A Spare Tyler Systems Signature Key shall be retained in a secure safe by the Monroe County Finance Director.

3. Sealed checks and Disbursement Overflow Statements will be immediately delivered to the County Clerk's Office for sorting and mailing/distribution.

4. The County Clerk's Office will separate any disbursement checks that have no mailing address and distribute them accordingly.
   - Some Examples: (Union Dues that require paperwork and Petty Cash)
   - Any other disbursement checks missing addresses will be researched by the County Clerks office.

5. The County Clerk's Office will match the Disbursement Overflow Statements to the appropriate corresponding disbursement check, insert them into a separate addressed and postage paid envelope and deliver them to the Post Office for delivery.
   - No other inserts are to be processed along with the disbursement checks. It is the responsibility of each County Department to remit any associated documentation to the vendor themselves; preferably via email when at all possible.

6. The County Clerk's Office will prepare the remaining disbursement checks for bulk mailing and deliver them to the Post Office for USPS processing in the manner required by the USPS.

VOIDED CHECKS AND STOP PAYMENTS

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID." All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made after 30 days of date of check for checks lost in the mail or other valid reasons. In emergency situations a stop payment may be made prior to 30 days at the discretion of the County Treasurer. Stop payments are processed by telephone instruction and written authorization to the bank by Treasurer's Department personnel with this authority. The voided check will be processed through the Tyler Systems, void check process, by the Accounts Payable Accountant I.

RECORDKEEPING ASSOCIATED WITH INDEPENDENT CONTRACTORS

Monroe County shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made (see the Accounts Payable Management policies). A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.

CREDIT CARDS/PURCHASING CARDS

ISSUANCE OF ELAN COUNTY CREDIT CARDS OR PURCHASING CARDS

Monroe County recognizes that there will be occasions when employees need to use a credit card for travel or other County-approved purposes. Therefore, the County has Elan Visa credit cards issued to employees upon approval by the Committee of jurisdiction and the Finance Committee. The cards will be retained and stored in a locked cabinet when not being used.

County issued credit cards are provided to approved staff in order to make purchases of goods and/or services on behalf of Monroe County. All County transactions shall be traceable to an authorized employee.

SALES TAX

> ***Note**: Typically, local governments are exempt from paying sales tax, depending on state law. The following policy may be used in those situations. The IRS does not provide governmental entities with a tax-exempt number (TIN), also referred to as an employer identification number (EIN).*
>
> ***As a special service to government entities, the IRS will issue a "governmental information letter" free of charge, which describes government entity exemption from Federal income tax and cites applicable Internal Revenue Code sections pertaining to deductible contributions and income exclusion. Most organizations and individuals will accept the governmental information letter to support the governmental entity's status as a "tax exempt" or charitable entity.***
>
> ***Taxes that local governments are legally required to pay are allowable expenses for Federal grants (2 CFR 200.470). Taxes that are avoidable are not allowable grant expenses.***

Card users should remind vendors at the time of purchase that according to the tax laws in Wisconsin, Monroe County is exempt from sales tax. Cardholders should keep a copy of Monroe County's sales tax exemption form with them to present to the vendor at the time of purchase. If a cardholder is charged sales tax for a card purchase that should be tax exempt, the cardholder should contact the vendor directly to request a credit for the amount of the sales tax.

CARD USER RESPONSIBILITIES

Upon issuance, card users will be required to sign a statement acknowledging the following:

- The card shall be used exclusively for legitimate County-related business purposes
- The cardholder will avoid splitting purchase or service costs over multiple transactions to circumvent the single transaction limit
- If additional purchase capacity is required for a credit card purchase the Finance Director shall be notified and approve the use of either the Finance Director or Purchasing Coordinator making the purchase on their behalf. Charges will be directly charged to appropriate expenditures lines during Purchase Card Approvals.
- When departmental staff will have lodging charges that do not have their own card the department head may sign off on the hotel credit card authorization form approving the charges ahead of time.
- The cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location, and understands the actions to take in case of theft or loss
- The cardholder will follow all required procurement policies and procedures
- The cardholder understands and agrees to disciplinary procedures for misuse of the card

Card users will turn in receipts with appropriate account coding to the Department Head (or their designee) when they return the credit card. The Department Head will attach the receipts to the Purchase Card Statement on a monthly basis. ~~If the Fiscal Department~~ If a receipt is missing ~~a receip~~t when the monthly statement is reconciled, the Accounts Payable Accountant I will confer with the Department Head to determine who used the card, and the Department Head will follow up with that employee to get the receipt.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Finance Director for further investigation with the card provider.

Personal use of credit cards is strictly prohibited. Any personal use will subject the employee to the County's disciplinary actions discussed earlier in this manual and in the Personnel Manual.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company (telephone number (800)-344-5696, 24 hours a day, seven days a week) as well as the Finance Director.

REVOCATION OF ELAN COUNTY CREDIT CARDS OR PURCHASING CARDS

Failure to comply with any of these policies associated with the use of Monroe County's corporate credit cards or purchasing cards shall be subject to possible revocation of card privileges. The Finance Director, with the approval of the Department Heads, shall determine whether credit cards or purchasing cards are to be revoked.

COUNTY CREDIT CARD ISSUANCE PROCEDURES

1. A Department Head must submit a written request to the committee of jurisdiction for approval.

2. A Department Head must submit a written request using the credit card request form (to the County Clerk's office) for inclusion on the Finance Committee agenda once the committee of jurisdiction approves. The request must include the person's name, credit limit, and justification for the credit card.

3. The Finance Committee shall review the request and grant or deny approval of the credit card request. Upon approval of the request, the employee will fill out an employee agreement form and forward to the Finance Department. The Finance Department will apply for the credit card on the on line credit card website.

4. The Finance Department shall maintain all records of credit card requests, approvals/ denials, and lost/stolen/destroyed card information.

5. The Department Head shall monitor the use of the department's credit cards.

6. The following restrictions shall apply to credit cards and their use:

   a. County credit cards are to be used only for County business. Personal use is not allowed.
   b. Minimum credit card limit authorized to staff is $1,000, unless extenuating circumstances exist.
   c. Credit card limits are not to exceed $5,000
   d. **Each credit card can only be used by the employee whose name is on the county credit card.**
   e. Do not use your credit card for departmental use outside of the department(s) you work in; except for Finance Director and Purchasing Coordinator (with Finance Director approval).
   f. Cash advances are not allowed.
   g. Telephone calls are not allowed.
   h. Prior to separation from the County or transfer to another department, the cardholder shall surrender the credit card to the Finance Department. The department head is responsible to notify the Finance Director when a credit card holder leaves county employment or transfers. The Finance Department shall cancel the card.
   i. An Employee Agreement shall be signed and filed with the Finance Department before the card is assigned to the employee/department.
   j. All credit card receipts and monthly statements must be attached to Purchase Card Statements in Tyler prior to releasing for workflow approvals.
   k. The Department management staff along with the Finance Department will review and approve all transactions. Any credit card transactions submitted without proper documentation shall be deemed the personal obligation of the employee making that transaction.
   l. The credit cards shall be used only for the approved purchases allowed by the Finance Committee: gas ~~(if not receiving mileage~~ (if using a County owned vehicle), lodging, registrations, gift certificates (only for program client activities) and supplies. Use of any County issued credit card shall not be deemed a substitute for not following standard Monroe County purchasing policies and practices.
   m. The credit cards will not be used for cash cards, gift certificates (other than stated in "l." above) and meals or other reimbursable items.

7. The departments shall ~~not~~ take out other credit cards other than those under this policy only as stated below.

8. Reasons for cancellation for credit cards include, but are not limited to:
    a. If late fees are charged to an account the Finance Committee may cancel that department's credit card.
    b. Failure to turn in credit card receipts may result in the cancellation of the credit card and the employee being asked for reimbursement by action of the Finance Committee.
    c. Any individual or department who violates the above procedures may have his/her/its credit card privileges terminated by the Finance Committee.

COUNTY PURCHASING CARDS OTHER THAN ELAN

Monroe County Departments may have the need for Credit Cards other than Elan. Employees are required to follow the rules above that are listed for the Elan Credit Card.

Kwik Trip credit cards are utilized by the Sheriff Department, ADRC mini-bus drivers, Rolling Hills van drivers and other departments where staff drive County owned vehicles. Staff are required to obtain a receipt for each purchase and turn in to the designated employee at their department and forward to the Accounts Payable Accountant I each month to match to the Kwik Trip statement. If the department can provide proof of purchases by a means other than a receipt, those procedures will be reviewed on an individual basis by the Finance Director to be sure documentation meets the requirements of the County and the County's Auditor.

John Deere Financial is used by the Highway Department and Maintenance Department for purchases at businesses where use of the Elan county card is not feasible.

PAYROLL AND RELATED POLICIES

CLASSIFICATION OF WORKERS AS INDEPENDENT CONTRACTORS OR EMPLOYEES

Monroe County considers all relevant facts and circumstances regarding the relationship between the County and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between Monroe County and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

The County's Finance Director in consultation with the Personnel Director shall make the final determination.

WAGE COMPARABILITY STUDY

Monroe County will perform periodic wage comparability studies ~~every three years~~ to ensure the salary and wage structure is similar to other entities of like size and employee base in our area. Please see the County's Personnel policy manual for details on the County's compensation plan.

~~REVIEW AND APPROVAL OF SENIOR MANAGEMENT COMPENSATION (THIS IS NOT BEING DONE)~~

~~In connection with the salaries and benefits of senior management (to include the Department Head), a triennial study shall involve a salary and benefits survey conducted by an independent entity. The analysis of senior management salaries and benefits shall be conducted under the direction of the Personnel and Bargaining Committee. If an appropriate survey cannot be located, the Personnel and Bargaining Committee shall consider utilizing a salary and benefits consulting specialist firm or conducting its own customized comparison with similar entities.~~

~~Although the formal comparison with external data shall be performed once every three years, the Personnel and Bargaining Committee shall document its consideration and authorization of the salaries and benefits of senior management on an annual basis, prior to the beginning of each fiscal year.~~

PAYROLL ADMINISTRATION

Monroe County operates on a biweekly payroll. A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in Monroe County's Personnel Policy Manual.

The following forms, documents, and information shall be obtained and included in the personnel files of all new employees:

1. Monroe County Employment Application (and resume, if applicable)
2. Applicant references (work & personal)
3. Interview questions and notes
4. Form W-4 Employee Federal Withholding Certificate
5. Form WT-4 State Withholding Certificate
6. Form I-9 Employment Eligibility Verification
7. Copy of driver's license
8. Copy of Social Security card issued by the Social Security Administration
9. Starting date and scheduled hours
10. Job title and starting salary
11. Authorization for direct deposit of paycheck, along with a voided check or deposit slip
12. Job description

For employees without a current, valid driver's license or Social Security card, acceptable alternative documents include the unexpired acceptable documents allowable by the U.S. Citizenship and Immigration Services as listed on the Form I-9 in effect at the date of hire (https://www.uscis.gov/i-9).

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

If required by specific grants, the employee payroll file must also include a pre-employment background check.

CHANGES IN PAYROLL DATA

A County's payroll processing policies and procedures should demonstrate sound internal controls designed to prevent or detect payroll fraud attempted by employees. Segregation of duties is a key element of fraud prevention and detection. In that regard, as much as possible, the following characteristics should be demonstrated through the County's policies:

1. Changes to payroll master file data (rates of pay, adding employees, deleting employees, etc.) performed by Personnel.
2. Review of all changes to master payroll data by an independent person (Finance Director)
3. Payroll is processed by an individual who does not have the ability to post journal entries in the general ledger
4. Timely review of payroll by someone independent from payroll processing and employee master file data input (Finance Director)

Even with these basic elements in place, there are other aspects of segregation of duties and other controls that should be considered, some of which are identified throughout these model policies. Users should keep these elements of segregation of duties in mind as they tailor these policies for their entity.

All of the following changes in payroll data must be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Department Head, the Personnel Director, and County Administrator ~~the Department Heads~~, as required by County policy.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

PAYROLL TAXES

The Finance Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid.

Monroe County will request an updated Form W-4 from each employee in January of each year. If there are no changes from the prior year, employees are not required to provide a new W-4. Withholding of federal income taxes shall be based on the most current Form W-4 prepared by each employee.

STANDARDS OF DOCUMENTATION FOR PERSONNEL EXPENSES

Monroe County follows the requirements in 2 CFR Part 200.430(i), Standards for Documentation of Personnel Expenses, as well as requirements in specific grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

2. Be incorporated into the official records of the County;

3. Reasonably reflect the total activity for which the employee is compensated;

4. Encompass both federally assisted and all other activities compensated by the County on an integrated basis;

5. Comply with the established accounting and financial policies and practices of County; and

6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect cost activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

"Cost objective means a program, function, activity, award, department, subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non-Federal entity, a particular service or project, a Federal award, or an indirect (Facilities & Administrative) cost activity."

COST OF LIVING ADJUSTMENTS (COLA)

> **Note: This is sample wording. This policy must be edited to comply with the approved Personnel policies of the County and funder requirements.**

COLA's are generally awarded through a grant amendment. Once approved by the funding source, wages will be adjusted based on funder instructions. To be eligible for a COLA, an employee must be currently employed by Monroe County at the time the grant amendment is approved, be a regular employee (has satisfactorily completed the six month orientation period). A COLA shall not allow an employee to be paid past the maximum established compensation for her or his salary range. When a wage study reveals employees are already at or above comparable market wages, COLA funds may be used for higher operational costs as allowed by the funding source.

PREPARATION OF TIME RECORDS

Each Monroe County employee must submit to the Finance Department an approved time record no later than ~~12:00 noon on Monday~~ 9:00 a.m. Tuesday following the close of each pay period. Time records shall be prepared in accordance with the following guidelines:

1. Each time record shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not.
2. Time records shall be prepared and submitted electronically by the employee.
3. Errors shall be corrected changing the data in the timekeeping system and approving the changes prior to submitting to his or her supervisor for approval.
4. Employees shall identify and record hours worked based on the nature of the work performed.
5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such.
6. ~~Time records shall be signed and approved by the employee prior to submission~~

After preparation, Department Heads or their designees shall approve timesheets prior to submission to the Finance Department. Corrections identified by an employee's supervisor shall be, authorized by the employee by, an e-mail stating the change is correct.

If timekeeping data has already been pulled the employee's supervisor shall approve the charge in writing unless it is a violation of the policy R law. If it violates the policy R law the Payroll Account II must note the violation, sign and date the change.

An employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone or email timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate) to enter into ESS time entry. ~~The employee must initial a timesheet submitted in this manner immediately upon his or her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or email by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.~~

PROCESSING OF TIME RECORDS

~~The Payroll Accountant II will process the timesheets by checking them for mathematical accuracy (not required if timesheets are electronic), then entering all timesheets into the payroll system or submitting payroll to the payroll service center.~~

The Payroll Accountant II has to receive email approval from the employee's supervisor to ~~may not~~ change or correct timesheets. When errors are noted, if ~~a corrected and approved timesheet~~ if a correction is not ~~resubmitted~~ received in time to the Payroll Accountant II, the employee may not receive a paycheck until the next pay period.

Timeclock Employee Time Records:

- The Payroll Accountant II will process the time records by importing records from timekeeping software into the Tyler System.
- The Payroll Accountant II may not change or correct time records without proper Approval from Highway and Rolling Hills Personnel.

Tampering with, altering, or falsifying time records, recording time on another employee's time record, or willfully violating any other times record policy or procedure may result in disciplinary action, up to and including discharge.

REVIEW OF PAYROLL

Upon production of all payroll reports and the Finance Director reviews payroll prior to its distribution to employees. The Finance Director shall sign and date the payroll direct deposit form indicating approval of the payroll.

The Payroll Accountant II will perform a payroll audit each pay period by performing the following steps:

1. Review ALL employees not receiving a check for any employees that should get a check
2. Review ALL employees being paid over $3,000 gross for possible mistakes
3. Fill out 941 Reconciliation to make sure the gross and taxable payroll balances
4. Review Accumulator gross verify

DISTRIBUTION OF PAYROLL

Payroll check stubs for electronic deposits shall be emailed as part of the payroll by the Payroll Accountant II Tyler Payroll Process.

INTERNAL AUDIT OF PAYROLL DATA

Monroe County will conduct an annual internal audit of certain payroll data. This internal audit shall be performed by the County's Finance Director. The purpose of this internal audit is to determine the integrity of the County's payroll records. The internal audit shall include the following procedures:

1. Tracing a sample of salaries, withholdings, deductions, and direct deposit information to supporting documentation in each selected employee's payroll and/or personnel file.
2. Tracing a sample of new hires and departures to personnel files, including verification of first and last pay dates.
3. Cross-checking the payroll master files for employees with identical addresses, social security numbers, or direct deposit bank account information.

Any unexplained deviations found as a result of these internal audit procedures shall be reported to the chair of the Finance Committee.

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

DEPOSIT AND INVESTMENT ACCOUNTS

CASH AND CASH EQUIVALENTS

The County maintains several cash and investment accounts, including pooled funds that are available for use by all funds. Cash and cash equivalents are recorded at cost. Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

- Time deposits
- Repurchase agreements
- Securities issued by federal, state, and local government entities
- Statutorily authorized commercial paper and corporate securities
- Wisconsin local government investment pool

In addition to the general operating account of the County, there are other County department cash fund accounts, as described below.

CLERK OF COURT
This account is used to receive deposits by the Clerk of Court's office and includes payments received by the Register in Probate & payments for juvenile and mental cases. Payments of monthly revenue to the County Treasurer and State, payments of restitution, and refunds are also deposited to this account. Deposits are made on a daily basis.

HUMAN SERVICES - PETTY CASH ADVANCES
This account is used when a child is placed in foster care and there is an immediate need for formula, diapers, or other essentials that are needed on an immediate emergency basis prior to the County's regular check disbursement schedule.

HUMAN SERVICES – PROTECTIVE PAYEE CLEARING ACCOUNT
The County's Human Services department acts as an approved payee for clients. This account is used to account for and deposit the client's Social Security, SSI, and other designated funds. Spending allowances are issued to clients and funds are used to pay the client's room and board.

PARK
This account is used to make timely park revenue deposits and reduce the amount of cash on site. Deposits are made on a monthly basis to the County Treasurer.

ROLLING HILLS – RESIDENT TRUST FUND
In accordance with DHS 132 State regulations to maintain an interest bearing account for any resident who wishes to open an account. State law requires this to be a separate account managed by each facility. The residents deposit their own funds and withdraw them as they wish.

Rolling Hills will provide a statement that accounts for all funds and property held by the facility for the resident, upon the resident's discharge from the facility.

~~SENIOR SERVICES~~ADRC – MEAL SITES (MOVE TO ALPHABETICAL IN LIST)
These accounts are used to make timely meal site revenue deposits and reduce the amount of cash on site. Deposits are made on a daily basis, with a check written to the Monroe County Treasurer at the end of each month for deposit to the County's operating account.

SHERIFF'S SPECIAL FUND
This account is used to hold money used to pay civil process & criminal bonds.

SHERIFF'S SEIZURE FUND
This account is used to hold money seized as evidence and held until further court order.

SHERIFF'S INMATE FUND

This account is used to hold inmate money for commissary, Huber, and other purchases, until the inmate is released at which time any remaining money is returned to the inmate.

SHERIFF'S HUBER LAW FUND

This account is used to hold Huber money.

SHERIFF'S NOT APPROVED

This account is used to hold money received from MEG to be used as "buy" money.

FEDERAL GRANT FUNDS

All advances of federal funds shall be deposited in an interest-bearing account and interest earned in excess of $500 shall be returned to the Federal Payment Management System (PMS). Interest earned on such funds will be allocated to federal awards based on the percentage of funds received during the month for each award.

AUTHORIZED SIGNERS

The County Board approves all authorized signers of accounts held in the County's name and to be used for County purposes, include all departments of the County. The Finance Department will retain a complete listing of all deposit and investment account authorized signers.

Finance Director will promptly notify the County's financial institutions of changes in authorized signatures upon the departure of any authorized signer. Refer to the Check Signing section of this manual for procedures.

BANK RECONCILIATIONS

Bank account statements are received each month by the Treasurer's Office and a copy forwarded to the appropriate department for reconciliation. Each department shall review the statement contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. (This review must be performed in a timely manner so that reconciliation of the bank account is not delayed.) Unusual or unexplained items shall be reported immediately to the Department Head for proper and timely resolution.

After this review is complete, the entire bank statement is forwarded to the Finance Department who prepares a reconciliation between the bank balance and general ledger balance. The bank reconciliation process will be completed within one week of receipt of each bank statement.

The reconciliation process shall involve an inspection of the fronts and backs of cancelled checks, check image, etc. The purpose of this inspection is to identify signs of forgery, altered or substitute checks, unusual endorsements, or other signs of fraudulent activity. If the County's financial institution does not return original cancelled checks or paper copies thereof, the person preparing the monthly bank reconciliation shall view electronic copies of cancelled checks provided by the financial institution via CD-ROM or Internet access to the Institution's website.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed and approved by the Finance Director on a monthly basis. Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files.

CASH FLOW MANAGEMENT

The Treasurer monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

Monroe County adheres to the requirements of its grants which prohibit loaning funds between programs; therefore, cash management and reporting is performed at the program level as well as for the County as a whole.

STALE CHECKS

Monroe County will write off all stale checks annually from the preceding year by resolution to the finance committee and county board. All stale checks being wrote off will be published in the local paper prior to being voided in the Tyler System.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to miscellaneous income.

Monroe County will also comply with the Wisconsin laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the County shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

PETTY CASH AND CHANGE FUND

Monroe County will provide imprest funds for valid, minor office expenditures, and will periodically replenish these funds up to its authorized balance. The Petty Cash Custodian is responsible for ensuring that the petty cash fund is locked at all times.

All disbursements from the petty cash fund must be accompanied by a completed and approved petty cash voucher. Receipts are required for all disbursements from petty cash.

STANDARD PROCEDURES

Department units that make purchases in circumstances, which do not permit usual County purchasing procedures, may request the approval for a petty cash fund. Before requesting establishment of a petty cash fund, the responsible Department Head ascertains that the goods to be purchased cannot be obtained by vendors using the existing standard purchasing procedures.

If a department collects cash and makes change, the responsible department head may request a change fund. A change fund shall consist of a fixed amount of cash solely for this purpose. A single fund shall not be used for both petty cash and change fund purposes. Each fund must remain physically separated from other department funds. The Department Head will need to obtain permission from their appointed committee and the Finance Committee to establish a petty cash or change fund. Full County Board approval must be obtained prior to receiving the start-up money for the Petty Cash or Change funds.

FUND CUSTODIAN

The Department Head designates a fund custodian who is responsible for maintaining the petty cash and change funds. The Department Head then notifies the Finance Department of the designated fund custodian.

CHANGE OF CUSTODIAN

The responsible Department Head or Department Manager notifies the Finance Department by memorandum when a new individual becomes custodian of an existing petty cash or change fund, provided the person giving the notification is not the same person being named custodian. The fund custodian insures that the fund is replenished before it is turned over to the new fund custodian.

PROHIBITED USES

Petty Cash - Only appropriate and legitimate County expenses are to be paid from a petty cash fund. Since cash purchases bypass Purchasing control over procurement, the Fund Custodian and the appropriate Department Head must carefully restrict and monitor petty cash funds. Petty cash funds will not be used for the following types of purchases:

- Employee travel expenses
- Entertainment expenses with the exception of client activities where no other payment method is practical
- Personal items or services
- Payment of county employees for services rendered
- Cashing of personal checks
- Employee advances

Change Funds - Change funds are established solely for the purpose of making change in departments that collect cash. The amount of cash in the change fund must always equal the original amount. Change funds will not be used for the following:

- Cashing of personal checks
- Purchase of goods or services
- Borrowing money from the fund for any reason

ESTABLISHING OR INCREASING PETTY CASH OR CHANGE FUNDS

The department's committee of jurisdiction, the Finance Committee, and full County Board must approve all new petty cash or change funds or increases to existing funds. To request an increase or to establish a petty cash or change fund, the department head will initiate a requesting memorandum to their home committee and the Finance Committee. The memorandum should include the following:

- Name of the department, which will assume responsibility for the expenditures.
- Amount of money required – Normally a one-month supply
- Security procedures and facilities
- Specific location of the fund – Building, room number and location within room.
- Name of the custodian who will be responsible for safeguarding and dispensing fund cash.
- Approval signature of the department head.

If approval is granted, Finance Department personnel will prepare a check for the specified amount.

USING THE PETTY CASH & CHANGE FUNDS

Petty Cash - The individual who wishes to make a purchase describes the nature of the purchase to the Fund Custodian. If it is determined that the planned purchase is appropriate and that the purchase cannot be accomplished through the usual County purchase procedures, he or she provides the individual with the cash for the amount of the purchase.

The custodian prepares a brief note to be filed with the fund, which includes:

- Date
- Amount of cash outstanding
- Name of the purchaser
- Nature of the planned purchase, and
- Custodian's initials

At the time of purchase the individual will request that the vendor prepare a written receipt showing the total amount paid. A receipt must evidence all petty cash transactions. At any given time, receipts plus available cash must equal the original amount issued. Petty cash & change funds are subject to periodic audits.

REPLENISHING THE PETTY CASH FUND

Monthly - Petty cash funds should be replenished on a monthly basis, unless remaining funds on hand are sufficient to cover the next months anticipated petty cash expenditures.

End of Fiscal Year - Replenish petty cash funds at the end of the fiscal year (prior to December 31) in order to charge expenditures to the proper accounting period.

REQUESTING REIMBURSEMENT

To request reimbursement, ~~submit a requisition summarizing all expenditure receipts. Arrange receipts in chronological order and attach them to the payment invoice before sending to the Accounts Payable Accountant I.~~ follow Accounts Payable process listed above.

~~The Finance Department will process the voucher for payment once it is received and approved.~~

SAFEGUARDING THE PETTY CASH & CHANGE FUNDS

Petty Cash & Change Funds - Place petty cash funds, change funds and expenditure documents in a safe place, e.g., safe, vault, locked desk drawer.

Commingling Funds - Do not combine or commingle petty cash funds and associated documents with other funds. Change funds are not to be combined with cash used for other purposes.

Close-Out - When the fund is no longer needed:

- Notify the Committee of jurisdiction and the Finance Department.
- Process all outstanding receipts for reimbursement.
- Deliver the entire amount to the Finance Department for deposit into the Tyler System
- The Finance Department deposits funds into the corresponding petty cash asset accounts

Recall - The committee of jurisdiction or the Finance Committee may request that the petty cash or change funds be recalled in the event of becoming inactive or being misused.

The Petty Cash Custodian shall prepare a reconciliation of the petty cash account on a periodic basis.
Petty cash reconciliations are subject to review by the Financial & System Control ~~Specialist~~ Coordinator, who may also perform periodic surprise cash counts and reconciliations.

WIRE TRANSFERS

The Treasurer ~~and~~ the Deputy Treasurer and Treasurer Office Clerk II along with the Payroll Accountant II and the Finance Director shall be the only Monroe County employees authorized to transact wire transfers from Monroe County bank accounts. To prevent anyone other than these ~~four~~ five from executing wire transfers, a system shall be employed that requires the use of an app provided by the bank that issues an unique code for each transaction. ~~pass codes and the calculation of a test key for each wire transfer. Pass codes, are issued only to these authorized employees and are assigned by the bank and are changed regularly.~~

Confirmations of all wire transfers are delivered to the Finance Director, Payroll Accountant II and Accounts Payable Accountant I.

PROCEDURES FOR OPENING DEPARTMENT BANK ACCOUNTS

1. The department will communicate its reasons for requesting a new bank account to its prospective committee. The committee must approve the creation of the new bank account before forwarding to the Finance Committee.

2. Information needed by the Finance Committee for its review and approval includes:
   a. The purpose of the new bank account
   b. What the money can be used for and who can approve the use of the money
   c. The proposed authorized signers
   d. Who will be reconciling and signing off of the reconciliation

3. If approved by the Finance Committee, the Finance Department will be provided with the appropriate documentation, including proof of the new account approval, to properly add the new bank account information in the County's accounting system.

4. The Finance Committee will provide the Treasurer's Office with the appropriate documentation, including proof of the new account approval, alerting it of the new account.

5. The bank should be instructed to send the monthly bank statement to the Treasurer's Office. Once the Treasurer receives the statement, a copy will be sent to the department in charge of the account to reconcile.

INVESTMENTS

OVERVIEW

The County's investments shall be operated in conformance with federal, state, and other legal requirements, including Wisconsin Statute 66.0603. The timely deposit and investment of public monies is an important and integral part of any cash management program.

Monroe County funds shall only be invested in eligible investments as described in a later section of this policy. Acceptance and approval of this statement is intended for the use and guidance of the designated official or officials with investment authority. The responsibility for conducting investment transactions rest with the Treasurer. The Finance Committee will provide any information and/or recommendations to the Treasurer to aid in investment decisions.

This investment policy shall be reviewed annually by the Monroe County Treasurer and the Monroe County Finance Committee. Any recommended changes shall be approved by the Monroe County Finance Committee and the necessary resolution to modify the existing policy shall be presented to the County Board for its action.

PURPOSE

The purpose of this policy is to establish guidelines for investments which are broad enough to allow the treasurer to function properly within the parameters of responsibility and authority. It assures that the fundamental principles concerning any investment program involving public monies has four basic ingredients: Legality, Safety, Liquidity and Yield. Also, to establish the County's cash investment objectives, delegation of authority, standards of prudence, reporting requirements and internal controls. This investment policy applies to all investment transactions/activities of the County.

The primary objectives of County investment activities shall be the following in order of importance:

1. To preserve capital in the overall portfolio and to protect investment principal, and
2. Maintenance of sufficient liquidity to meet cash flow needs, and,
3. Attainment of the maximum yield possible consistent with the first two objectives, and
4. Full investment of all available funds.
5. Any cost of or for investments shall be held to a minimum and considered in determining the maximum yield

STANDARDS OF CARE

The standard of prudence to be used by the County Treasurer shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The Treasurer, acting in accordance with written procedures and the investment policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The “prudent person” standard states that, “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.”

Pursuant to S. 59.62 Wis. Stats., the authority to invest and re-invest money of the County, to sell or exchange securities so purchased and to provide the safekeeping of such securities is delegated to the County Treasurer.

COLLATERALIZATION OF FUNDS

The County shall maintain all cash and investments, which includes authorized investment vehicles that are insured or registered or which are collateralized by or evidenced by securities held by the County, in the County’s name. Collateralization shall cover those deposits in excess of $650,000 on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit. Funds must be collateralized by U.S. Treasury Obligations and/or other general obligation bonds or securities that meet the eligible investment criteria set forth below. All collateralization is required to be formalized in a written collateral pledge agreement. (CDARS accounts are not collateralized but are FDIC insured up to $50 million).

ELIGIBLE INVESTMENTS

The investment activity of Wisconsin public funds is governed by Section 66.0603 and other sections of the Wisconsin Statute. The County’s funds will only be invested in the following types of securities:

U.S. TREASURY OBLIGATIONS AND GOVERNMENT AGENCY SECURITIES
Obligations of the United States of America, its agencies and instruments, provided that the payment of the principal and interest is fully guaranteed by the issuer.

CERTIFICATE OF DEPOSIT
Certificates of deposit and other evidences of deposits from the credit unions, banks, savings banks, trust companies or savings and loan associations which are authorized to transact business in the State, which time deposits mature in not more than one year. Any certificate of deposit invested over the FDIC ($250,000) and State Deposit Guaranteed Fund ($400,000) insured amounts over $650,000 are to be fully collateralized.

GENERAL OBLIGATION BONDS OR SECURITIES
Except for obligations issued by tax districts within the State of Wisconsin, which do not have to be rated, all general obligation bonds or securities of any county, city, drainage district, V.T.A. education district, village, town or school district of any other State, if the bond or security is rated in one of the two highest rating categories assigned by Standard & Poor’s Corporation, Moody’s Investors Service, Inc. or other similar nationally recognized rating agency.

REPURCHASE AGREEMENTS
Investment agreements pursuant to which a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank, or national bank in the State of Wisconsin agrees to repay funds advanced to it by the issuer, plus interest. Repurchase Agreements are to be secured by investment securities fully guaranteed by the U.S. Government Obligations, and/or General Obligation Bonds or Securities.

OPERATING BANK ACCOUNT
Deposits shall be limited to the lesser of $500,000 or amounts guaranteed by FDIC and the State Deposit Guarantee Fund unless funds in excess are fully collateralized as required in the Collateralization of Funds section of this policy. Invested overnight funds must meet the same collateralization policy.

ENDOWMENTS
Endowments can only be opened with non-County funds. These monies consist of donations from outside sources only.

ELIGIBLE AMOUNTS

The Monroe County Treasurer shall ensure amounts on deposit do not exceed collateralized amounts guaranteed by the financial institution, consistent with this written policy.

SELECTION OF INVESTMENT INSTRUMENTS

A yield comparison shall be conducted for surplus funds to be deposited in a U.S. Treasury Obligation and/or certificate of deposit for a specific amount of days. For investments in a certificate of deposit, the Monroe County Treasurer's Office shall notify not less than three (3) institutions that are listed on Monroe County's list of authorized financial institutions in addition to any other institutions the Treasurer deems may be beneficial to the County. Awards will be given to the bidder offering the highest effective yield. When the approved institution is notified, yield quotes must be received before 10:00 a.m. the following day, either by telephone or in writing. The amount of certificates of deposit must meet the collateralization requirements.

AUTHORIZED FINANCIAL INSTITUTIONS

A list will be maintained of preferred and approved financial institutions and depositories in accordance with County Board Resolution and Chapter 34 of The Wisconsin Statutes governing Public Deposits to provide investment services. The County Treasurer shall maintain this list and update it each year, prior to fiscal year-end.

FEDERAL AWARD FUNDS

Funds to be invested do not include those from federal awards. Such funds will be spent on program requirements as budgeted, or returned to the awarding agency. Any advances of federal funds will be maintained in an interest-bearing account. Interest earned on such funds, up to $500 per year, will be allocated to federal grants based on a percentage of funds received during the month, and any additional interest will be returned to the Federal Payment Management System.

INVESTMENT ACCOUNTING TREATMENT

All purchased investments shall initially be recorded at cost. All investments acquired by donation to Monroe County shall initially be recorded at their fair market value as of the date of donation. Donated investments shall be recorded based on the existence or absence of such restrictions, as defined in the section on Contribution Accounting in this manual.

Subsequent to acquisition, Monroe County carries all equity securities with readily determinable fair market values and all debt securities at their market values. Adjustments to market value shall be made in the accounting records and financial statements of Monroe County on an annual basis.

Changes in the fair value of investments will be included as a component of revenue with the increase or decrease in the fair value of the investments calculated using the specific identification method.

Adjustments to market value result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments (or from investments purchased with contributed funds) shall be classified based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier.

RECORDS AND RECONCILIATION OF INVESTMENT RECORDS

It shall be the responsibility of the Monroe County Treasurer in consultation with the Monroe County Finance Committee Chairperson and/or staff, to establish sufficient records and accounts to provide a monthly reconciliation of all investment accounts to the general ledger. The reconciliation process described in the Deposit Accounts section of this manual shall be followed.

REPORTING REQUIREMENTS

The County Treasurer shall provide the Monroe County Finance Committee and the Monroe County Finance Director with a month-end report of investments including, financial institution, balance of accounts, average interest rate (if available) and interest earned. The Treasurer shall provide the Finance Committee with copies of a portfolio performance report upon request.

REPORTING PROCEDURES

The following reporting procedures will be followed to ensure that investments are properly managed and that these investment policies are consistent with the program objectives of Monroe County and accurately reflect the current financial condition of the County:

1. The County Treasurer shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements on a monthly basis. The schedule of investments shall include the following information with respect to each investment:
   a. Date acquired
   b. Method of acquisition (purchase or donation)
   c. Cost or basis at acquisition
   d. Description of investment
   e. Interest rate (if applicable)
   f. Date of maturity (if applicable)
   g. Holder/issuer of security
   h. Current market value
   i. Unrealized gain or loss
   j. Accrued interest receivable (if applicable)
   k. Income received, year-to-date (i.e., interest, dividends, etc.)
   l. Credit risk rating and source of rating for investments held in debt securities
   m. Interest rate risk, including the method and any assumptions used to determine this risk

2. The Treasurer shall prepare a schedule of investments for presentation on an annual basis for the Finance Committee and Finance Director, and on a monthly basis for the County Board.

3. The annually investment reports shall detail the portfolio's composition and performance for the quarter and year-to-date, along with a comparison to budget and to the prior year.

4. The annual investment report shall be presented to the Board of Supervisors at the time the Monroe County audit is presented, outlining in detail the investment portfolio's composition and performance for the fiscal year, along with a comparison to appropriate market indices. The report will show results for the most recently-completed fiscal year and for the last three years.

DEPOSIT AND INVESTMENT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. This risk applies to all investments in securities that are in both paper and book entry form.

Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution
- Collateralized with securities held by the pledging financial institution's trust department or agent, but no in the depositor-government's name

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either:

- The counterparty
- The counterparty's trust department or agent but not in the government's name.

Deposits and investment securities at the end of the period that are exposed to custodial risk shall be disclosed. The County will disclose the following information for exposed deposits:

- Amount of the bank balances that are uninsured and manner of risk exposure (as described above) the funds are subject to.

The County will disclose the following information for exposed investment securities:

- Investment type
- Reported amount
- How the investments are held

Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities as used in this paragraph includes securities underlying repurchase agreements and investment securities.

CREDIT RISK

Generally, credit risk is the risk that an issuer of or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The County will disclose the credit quality of investments in debt securities as described by nationally recognized rating agencies, such as Moody's Investors Service and Standard & Poor's. If a rating is not available, that fact will be disclosed.

CONCENTRATION OF CREDIT RISK

A concentration of credit risk may occur in the absence of adequately diversifying investments. The County will disclose a concentration of credit risk by amount and issuer, investments in any one issuer that represent five-percent (5%) or more of the total investments. This investment total does not include investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The County's method to demonstrate interest rate risk is the segmented time distribution method. This method groups investment cash flows into sequential time periods in tabular form, which is the best method identified by the County to identify and manage interest rate risk.

FOREIGN CURRENCY RISK

The County does not hold investments dominated in a currency other than the U.S. dollar.

COUNTERFIET CURRENCY RISK

1. If a money counter detects a counterfeit bill, run it thru again (The bill may read as counterfeit if it is deeply creased.)
2. Do a backup check with counterfeit pen. If the mark on the bill turns black or dark brown, it is likely to be counterfeit.
3. If it is counterfeit, do not hand the bill(s) back to the person paying with it, it is illegal to do so.
4. Let the person who gave you the bill know that you have detected a possible counterfeit bill(s) and it is illegal for you to return it. Get as much information as possible.
5. For your safety, do not detain the customer.
6. Do not handle the bill any more than you have to.
7. Put it in a plastic baggie.
8. Fill out a counterfeit Note Report (report can be found at https://ssf-1604-counterfeit-note-report.com/
9. Take the baggie and the report to the Sheriff's Department or call the non-emergency number at (608) 269-2117.

INVENTORY OF MATERIALS

DESCRIPTION OF INVENTORY

Monroe County maintains inventory of materials used throughout the County for various reasons. Some examples:

Highway:
- Repairs and Projects, Oil, Salt, Culverts

Rolling Hills:
- Nursing, Dietary and Housekeeping Supplies

Maintenance:
- Repairs and Projects

ACCOUNTING FOR INVENTORY

Monroe County accounts for purchased inventory items at cost, using the first-in, first-out method of valuation. Unit cost shall be computed by adding freight, insurance, and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.

PHYSICAL COUNTS

A physical count of inventory will be performed on an annual basis by someone who does not have responsibility for ordering or approving purchases of such items. Any inventory items that appear damaged, obsolete, or otherwise unable to be sold shall be excluded from the counts. A detailed record of the physical count shall be kept by the individuals involved in taking the inventory.

At the conclusion of the physical count, the inventory count sheets shall be extended by applying the most recent unit costs to the physical quantities of each item on hand. The general ledger balance shall be adjusted to reflect the total inventory on hand as determined by the physical count. Unusual discrepancies such as lost or damaged inventory will be investigated by the Finance Director.

CONTRIBUTED INVENTORY

Inventory items donated to Monroe County shall be recorded as assets of the County at the fair market value as of the date of the contribution. Contributed inventory items shall be subject to the same physical counting and other policies as purchased inventory items.

PREPAID EXPENSES

ACCOUNTING TREATMENT

Monroe County treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and amortizes these items over the corresponding time period. For purposes of this policy, payments of less than $500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as noncurrent assets.

PROCEDURES

As part of the account coding process performed during the processing of accounts payable, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Finance Department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

CAPITAL ASSETS

CAPITALIZATION POLICY

Capital assets include land and land improvements, buildings and building improvements, equipment, construction work in progress, infrastructure, and all other tangible or intangible assets that are used in operations that have initial useful lives extending beyond a single reporting period. Infrastructure assets are generally long-lived capital assets that are stationary in nature. The Highway Department capital assets are not included in this definition.

The County will implement the following schedule of various costs in determining capitalization:

Cost Type	Accounting Treatment
Maintenance costs [a]	Expense
Preservation costs [b]	Capitalize
Additions	Capitalize
Improvements	Capitalize
Ancillary cost (freight, etc.)	Capitalize
Interest cost during construction	Expense
Infrastructure:	
Roads – new construction, partial reconstruction, full reconstruction, mill and overlay	Capitalize
Roads - crack filling, sweeping, patching, sealcoating	Expense
Bridges - partial reconstruction, full reconstruction	Capitalize
Bridges – crack filling, patching, painting	Expense
Dam - partial reconstruction, full reconstruction	Capitalize
Dam – crack filling, patching, painting	Expense

[a] These costs **do not** increase the useful lives of the assets.
[b] These costs **do** extend the lives of the assets.

CAPITALIZATION THRESHOLDS

Capital assets will be reported at historical cost. The cost of a capital asset includes the acquisition price plus the expenditures necessary to place the asset in its intended location and condition for use. Donated or contributed assets are recorded at fair market value as of the date the asset is acquired, or, for infrastructure, the estimated cost of construction.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the County's financial statements, these assets will be capitalized and depreciated according to these policies. If a funding or awarding agency requires a lower amount for equipment, Monroe County will adhere to that dollar amount only for that program or contract.

Asset Class	Examples of Costs to be Capitalized	Threshold
General Capital Assets		
Equipment	Purchase price, freight charges, assembly, installation	~~$5,000~~ $20,000 per individual items ($1,000 for Rolling Hills)
Land and land improvements	Purchase price or market value, closing costs, cost of preparing the land for use, demolition of existing building and improvements	Capitalize all land[(c)], capitalize improvements greater than ~~$5,000~~ $20,000 ($1,000 for Rolling Hills)
Buildings and building improvements	Materials, labor, permits, design costs, site excavation, purchase price	~~$5,000~~ $20,000 ($1,000 for Rolling Hills)
Construction work-in-progress		[(d)]
Infrastructure Capital Assets		
All major infrastructure networks	(See Capitalization Policy section above.)	$25,000

[(c)] Land – The County capitalizes all land acquisitions, regardless of cost. This results in a complete inventory of land owned by the county and reduces the possibility of confusion about whether additional parcels should have been included in the capital asset records.

[(d)] Construction work in progress is reported for assets that will ultimately be capitalized based on the capitalization policy for the particular asset.

ESTIMATED USEFUL LIVES

The County considers the following when determining the useful life of an asset:

1. The length of time these assets have historically lasted
2. Anticipated changes in technology
3. Specific asset use
4. Maintenance practices – among County departments, similar assets may be assigned different useful lives, depending on asset use and maintenance.

The useful lives of the general capital assets and infrastructure capital assets will be reviewed annually and adjustments will be made to the capital asset records as necessary. The useful lives of fully-depreciated assets still in use as of December 31, 2002, were adjusted to reflect the estimated remaining life of the asset.

Asset Class	**Governmental Activities**	**Business-type Activities**
General Capital Assets	**Years**	
Land improvements (depreciable)	15 – 30	10 – 30
Buildings	15 – 75	25 – 75
Improvements other than buildings	10 – 30	25 – 100
Leasehold improvements	Term of lease	Term of lease
Equipment	3 – 15	3 – 15
Vehicles	3 – 12	3 - 12
Infrastructure	**Years**	
Roads (including signage and culverts)	25	
Bridges	50	
Dams	50	

Asset Class and Type	**Depreciable Life in Years**
General Capital Assets – Specific Guidance	
Buildings and Building Improvements	
Carpet replacement	7
Electrical/plumbing	30
HVAC systems	20
New buildings	75
Roofing	20
Renovations	20-50
Land and Land Improvements	
Land	No depreciation
Landscaping	20
Parking lots	20
Structure land improvements	20

Asset Class and Type	Depreciable Life in Years
Machinery and Equipment	
Communications equipment	10
Computer hardware	3
Construction equipment	15
Custodial equipment	15
Electoral equipment	25
Engineering, scientific equipment	10
Furniture, office equipment	10-20
Outdoor equipment	20
Outdoor recreation equipment	15
Police special equipment	7-10
Video equipment	5
Vehicles	
Cars and light trucks	5
Heavy construction vehicles	10
Police vehicles	3

CHANGES IN ESTIMATED USEFUL LIVES

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets must be approved by the Finance Director.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the County's government-wide financial statements.

SALVAGE VALUE

The depreciable cost of each general capital asset will be reduced by the estimated salvage value. Salvage values will be estimated as of the acquisition date and they will be reviewed annually as part of the update to the capital asset records.

Twenty-five percent (25%) of the cost of constructing a road will be considered in-exhaustible. This percentage represents the costs associated with the excavation and the construction of the base layer of the road.

DEPRECIATION METHOD

The straight-line depreciation method will be used for all general capital assets and infrastructure capital assets. Assets acquired during the month will be depreciated for the entire month. Infrastructure capital assets will depreciated on an individual segment basis.

For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

CONTRIBUTED ASSETS

Assets with fair market values in excess of $5,000 (per unit) that are contributed to Monroe County shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later. The fair value of land and real estate investments shall be determined by an appraisal of the property.

COLLECTIONS

Local history room items will be reported in the general capital assets as a collection. Adjustments will be made annually to reflect any additions or retirements of the collection.

EQUIPMENT AND FURNITURE PURCHASED WITH FEDERAL FUNDS

(2 CFR Part 200.313)

Monroe County may occasionally purchase equipment and furniture that will be used exclusively in a program funded by a federal agency. In addition to the other policies described in this section, equipment and furniture charged to federal awards will be subject to certain additional policies as described below.

For purposes of federal award accounting and administration, *equipment* shall include all assets with a unit cost equal to the lesser of $5,000 or the capitalization threshold utilized by Monroe County, described elsewhere in this policy section.

All purchases of equipment and other capital assets with federal funds shall be approved, in advance and in writing, by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal awards.

2. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of $5,000 or less at the conclusion of the award's period of performance, Monroe County shall retain the equipment without any requirement for notifying the federal agency.

3. If the remaining per unit fair market value is $5,000 or more, Monroe County shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less $500 or 10% of the proceeds, whichever is less, to the federal agency. *(2 CFR Part 200.313(e)(2))*

4. The Grant Manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described in this section.

5. A physical inventory of all equipment purchased with federal funds shall be performed annually by an employee who is not responsible for ordering or approving the purchase of these assets. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by Monroe County. All adjustments resulting from this reconciliation will be approved by the Finance Director.

ESTABLISHMENT AND MAINTENANCE OF A FIXED ASSET LISTING

All capitalized property and equipment shall be recorded in a property log. This log shall include the following information with respect to each asset: *(2 CFR part 200.313(d)(1))*

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number or other identification number)
4. Source of the funds used to purchase the equipment, including the federal award number, if applicable
5. Whether the title vests in the County or the federal government
6. Information to calculate the federal share of the cost of the equipment, if applicable
7. Location, use and condition
8. Depreciation method
9. Estimated useful life
10. Ultimate disposition data including the date of disposal and sale price

RECEIPT OF NEWLY PURCHASED EQUIPMENT AND FURNITURE

At the time of arrival, all newly purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

REPAIRS OF PROPERTY AND EQUIPMENT

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

DISPOSITION OF CAPITAL ASSETS

If equipment is sold, scrapped, or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the amount received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

The County will obtain disposition instructions from the Federal awarding agency for the disposal of capital assets purchased in whole or in part with federal funds

WRITE-OFFS OF PROPERTY AND EQUIPMENT

The Finance Director approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Finance Director. If not located, this property will be written off the books with the proper notation specifying the reason.

CAPITAL ASSET ACCOUNTING SYSTEM

The general capital asset and infrastructure capital asset records will be maintained in the Tyler System, fixed asset program. Capital asset records will be updated at least annually for additions, deletions, and adjustments.

CAPITAL ASSET REPORTING

On the government-wide financial statements, capital assets are reported as assets on the Statement of Net Position for both governmental and business-type activities. On the fund statements, capital assets of governmental funds are not shown as assets, but as expenditures when purchased.

LEASES

CLASSIFICATION OF LEASES

Monroe County classifies all leases in which the County is a lessee as either capital or operating leases. Monroe County shall utilize the criteria described in Governmental Accounting Standards Board (GASB) No. 62, in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to the County at the end of the lease term.

2. The lease contains a bargain purchase option.

3. The lease term is equal to 75% or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion should not be used for purposes of classifying the lease.

4. The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90% of the fair value of the leased property (using, as the interest rate, the lesser of the County's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

REASONABLENESS OF LEASES

Monroe County assesses the value of leases according to the requirements of 2 CFR Part 200.465, Rental Costs of Real Property and Equipment, considering the following factors;

- The rate is reasonable when compared to similar property in the same area;
- The rate of any alternatives; and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and other options are available.

ACCOUNTING FOR LEASES

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that Monroe County shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, Monroe County shall record a capitalized asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The capitalized asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

Monroe County shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.

CHANGES IN LEASE TERMS

As described in earlier policies, leasehold improvements are amortized over the initial lease term. If such lease term is changed prior to the expiration of the initial lease term, Monroe County will revise amortization to reflect the remaining lease term as of the effective date of the lease modification.

ASSET IMPAIRMENTS

Policy

Long-lived assets of the County include personal property and equipment, land, buildings, intangible assets, and other noncurrent assets. In connection with long-lived assets, the County shall record an impairment loss when the carrying amount (book value, net of any accumulated depreciation or amortization) is both:

1. Not recoverable (through sale, etc.); and
2. In excess of the asset's fair value.

Long-lived assets shall be tested for impairment whenever events or changes in circumstances indicate that an asset's carrying value may be impaired. Examples of such events or circumstances that the County shall consider include:

1. A significant decrease in the market price of a long-lived asset.
2. A significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition.
3. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action by a regulator.
4. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset.
5. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that indicates continuing losses associated with the use of a long-lived asset.
6. A current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

If the County records an impairment loss in connection with a long-lived asset subject to depreciation or amortization, the reduced basis resulting from recording the loss shall be used as a new basis for calculating future periods' depreciation or amortization.

FAIR VALUE ACCOUNTING

SCOPE

Throughout this manual, numerous references are made to fair value accounting issues. Examples include the valuation of publicly-traded securities held as investments, valuation of contributed services, other contributed noncash assets, recording of asset impairment losses based on fair value declining below book value.

For purposes of this manual, the term “fair value” shall be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value shall be performed by the individuals identified in this manual associated with each type of fair value accounting issues. All fair value determinations in excess of $500 shall be reviewed and approved by the Finance Director.

DISCLOSURES

Monroe County shall comply with the disclosure requirements of Governmental Accounting Standards Board (GASB) for each material fair value measurement associated with the assets and liabilities of the County. Refer to the applicable section of this manual for further information.

For any asset impairment losses recorded as a result of policies described elsewhere in this manual, the County shall disclose the reason for recording the impairment, in addition to other required disclosures.

POLICIES PERTAINING TO LIABILITY AND EQUITY

ACCRUED LIABILITIES

IDENTIFICATION OF LIABILITIES

The Finance Department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by Monroe County at the end of an accounting period are:

- Bonds - Performance
- Interest on notes payable
- Interest on retainers – Reclamation Plan
- Paid leave (See policy below)
- Payments due Municipalities - Forestry
- Payments due State monthly and quarterly
- Payroll taxes
- Rent
- Salaries and wages
- Solid Waste Long Term Care

In addition, Monroe County shall record a liability for unearned revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to unearned revenue accounts shall be made monthly.

COMPENSATED ABSENCES

Personnel policies permit employees to accumulate earned, but unused, vacation and sick leave benefits in accordance with County policy (see the County's personnel policy). All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. Compensated absences expenditures and related fund liabilities are reported in the government funds only if they have matured (i.e. employee resignation, retirement).

Employees who retire from the County are paid 25% of their accumulated sick leave at the current rate of pay. Employees who leave employment of the County for reasons other than retirement will forfeit all unused sick leave.

In accordance with Governmental Accounting Standards Board (GASB) No. 16, Accordingly, Monroe County records a liability for accrued leave to which employees are entitled. The Sick Leave total liability at the end of an accounting period shall equal 1040 hours. The Vacation total liability equals the total earned in a year plus 40 hours of vacation.

GENERAL PROCEDURES FOR ACCOUNTS PAYABLE

The Finance Department will determine the reasonableness and accuracy of the recorded accounts payable by reviewing the balance for the common accruals listed above. In addition, the Finance Department will review subsequent year vouchers for January and February to determine additional amounts that should be accrued as of December 31.

DUE TO/DUE FROM OTHER FUNDS (INTERFUND LOANS)

GENERAL POLICY

The County uses the Due to Other Funds and Due from Other Funds balance sheet accounts to record interfund receivables and payables, or interfund loans. Interfund loans can be made between the following funds:

- General Fund
- Capital Projects Fund
- Debt Service Fund

These loans are a temporary borrowing of funds, are not available for appropriation, and are not considered revenue to the borrowing fund. These amounts are reported in the fund financial statements and are to be repaid within 12 months. Funds not repaid within 12 months will be reported as a transfer and proper disclosure will be made of any implications arising from use of restricted resources. No more than 75 percent of the maximum of money held in any fund or accounting during a fiscal year may be loaned.

INTERFUND LOAN RESTRICTIONS AND APPROVAL

Interfund loans shall not be used to balance the budget of the borrowing fund, nor deter any function or project for which the loaning fund was established.

The Board of Supervisors will adopt a resolution prior to any interfund loan transaction, interfund loans exceeding $5,000 in aggregate takes place. Applicable legal, regulatory, and contractual requirements will be reviewed before an interfund loan is made.

INTERFUND LOAN RECONCILIATION

Due to Other Funds will be reconciled, balanced to, and equal the total amount reported in Due from Other Funds in accordance with the reconciliation policy indicated in the General Ledger and Chart of Accounts section of this manual.

DUE TO / DUE FROM OTHER GOVERNMENTS

The Due to / Due from Other Governments account is used to record amounts payable to or receivable from other governments (i.e. amounts due to/from the state, other counties, federal government) and is used primarily for grant or program purposes. Amounts payable to other governments for general operating purposes (i.e. utilities, withholding taxes) should remain in the Accounts Payable or Other Accrued Liability accounts.

PENSIONS

GENERAL POLICY

The County participates in the Wisconsin Retirement System (WRS), which is a cost-sharing multiple employer defined benefit public employee retirement system.

In accordance with Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions*, the County recognizes pension costs when employment services are provided, rather than when the pensions are funded.

PLAN DESCRIPTION

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

CONTRIBUTIONS

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, and Executives and Elected Officials. The County will contribute the same rate for protective employees as general employees. The County will not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

PENSION LIABILITY VALUATION

The County will obtain actuarial valuations of the total pension liability at least every two years. If a valuation is not performed as of the measurement date, the total pension liability will be based on update procedures to roll forward amounts from an earlier actuarial valuation. The earlier valuation will have been performed as of a date that is no more than 30 months and 1 day prior to the County’s most recent fiscal year-end.

The assumptions underlying the determination of the total pension liability and related measurers will be made in conformity with Actuarial Standards of Practice, issued by the Actuarial Standards Board and disclosed in the Notes to the Basic Financial Statements.

OTHER POSTEMPLOYMENT BENEFITS

GENERAL POLICY

The County offers participation in other postemployment benefits (OPEBs) as part of the total compensation package offered to employees. These OPEBs include postemployment healthcare benefits described in the County's Personnel handbook. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, OPEBs are reported in the government-wide and fiduciary fund financial statements as a liability and expense. The governmental funds will report OPEBs cost when paid.

The County's Personnel handbook provides additional information on the plan.

ANNUAL OPEB COST

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

OPEB LIABILITY VALUATION

The annual required contribution is determined by actuarial valuation, using the projected unit credit method.

The County will obtain actuarial valuations of the OPEB liability at least every two years. If a valuation is not performed as of the measurement date, the total liability will be based on update procedures to roll forward amounts from an earlier actuarial valuation. The earlier valuation will have been performed as of a date that is no more than 30 months and 1 day prior to the County's most recent fiscal year-end.

The assumptions underlying the determination of the total OPEB liability and related measurers will be made in conformity with Actuarial Standards of Practice, issued by the Actuarial Standards Board and disclosed in the Notes to the Basic Financial Statements.

GENERAL OBLIGATION BONDS

GENERAL POLICY

General obligation bonds are issued to provide funds for the acquisition or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. General obligation bonds are also issued for the purpose of providing funds for veterans housing loans and to refund other general obligations bonds.

Monroe County requires that all bond issuances be approved by the Board of Supervisors.

ACCOUNTING AND CLASSIFICATION

For governmental funds, the liability for general obligation bonds (GO bonds) outstanding at the end of the fiscal year will be reported on the government-wide statement of net position.

For proprietary funds, the liability relating to general obligation bonds that are to be repaid (principal and interest) from the proceeds/revenues generated by a specific proprietary fund, will be reported as a liability of that fund. The intended source for repayment (revenues generated from a proprietary fund rather than general resources of the County) is the factor determining when a liability for GO bonds will be classified as a fund-specific liability.

ISSUANCE COSTS

Bond issuance costs for a governmental fund will be reported as an expenditure when costs are first incurred and will be expensed in the government-wide financial statements, with the exception of prepaid insurance which will be the only cost reported as an asset and expensed over the life of the bond on the government-wide financial statements.

Bond issuance costs for a proprietary fund will be expensed when incurred, with the exception of prepaid insurance which will be the only cost reported as an asset and expensed over the life of the bond. The County will use the effective interest method to amortize these costs, unless the straight-line amortization method produces similar results.

BOND PREMIUM/DISCOUNT

Discounts on bonds payable in a proprietary fund are reported as a reduction of the face amount of the related bond liability. Premiums on bonds payable are reported as an addition to the face amount of the related bond liability. GO bonds will be reported in the government-wide financial statements net of premiums or discounts.

ACCRUED INTEREST PAYABLE

Governmental funds do not generally report an accrued interest liability until it is due and payable The County will report the liability in the government-wide financial statements.

Proprietary funds will report accrued interest payable.

COMMERCIAL PAPER NOTES

GENERAL POLICY

Monroe County requires that all commercial paper notes be approved by the Board of Supervisors and signed by the County Board Chair.

RECORDKEEPING

Monroe County maintains a schedule of all notes payable, mortgage obligations, lines of credit, and other non-bond financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

NON-INTEREST-BEARING NOTES PAYABLE

Monroe County may, from time to time, receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, Monroe County will record contribution income for any unpaid interest.

For demand loans, interest expense and contribution income shall be recorded at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid. Determination of the appropriate interest rate shall be performed by the Finance Director.

For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate equal to the difference between a normal interest rate for that type of loan and the rate, if any, required to be paid. The difference between the cash proceeds of the note and the present value shall be recorded as temporarily restricted contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

EQUITY

GOVERNMENT-WIDE STATEMENT

The equity section (as previously defined in the Definitions section of this manual) of the government-wide statements is displayed in three components:

Net investment in capital assets- consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position- consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net position should be reported as restricted when constraints placed on net position use are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
- Imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position- consists of the net amount of the net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

DETERMINING LEGAL ENFORCEABILITY

According to Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*, legal enforceability means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary – to use resources created by enabling legislation only for the purposes specified by the legislation.

Generally, the enforceability of an enabling legislation restriction is determined by professional judgment, which may be based on actions such as analyzing the legislation to determine if it meets the qualifying criteria for enabling legislation, reviewing determinations made for similar legislation of the government or other governments, or obtaining the opinion of legal counsel. However, enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur.

The determination of legal enforceability should be based on the underlying facts and circumstances surrounding each individual restriction. The determination that a particular restriction is not legally enforceable may lead a government to reevaluate the legal enforceability of similar enabling legislation restrictions, but should not necessarily lead a government to conclude that all enabling legislation restrictions are unenforceable.

If resources are used for a purpose other than those stipulated in the enabling legislation or if there is other case for reconsideration, governments should reevaluate the legal enforceability of the restrictions to determine if the resources should continue to be reported as restricted. If reevaluation results in a determination that a particular restriction is no longer legally enforceable, then from the beginning of that period forward the resource should be reported as unrestricted.

ENABLING LEGISLATION

Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

FUND STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. It does not impact the reporting of proprietary and fiduciary fund balances.

The equity section (as previously defined in the Definitions section of this manual) of the fund statements is displayed in the following components:

Nonspendable fund balance- includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Amounts not in spendable form includes items that are not expected to be converted to cash (e.g. inventories, prepaid amounts). It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted fund balance- amounts that should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
- Imposed by law through constitutional provisions or enabling legislation.

Committed fund balance- amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (e.g. legislation, resolution, ordinance) it employed to previously commit those amounts. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance- amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by

- Governing body itself
- A body (e.g. budget committee, finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance- represents amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the general fund.

Fund balances that are committed would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable fund balance will be determined before classifying amounts in restricted, committed, and assigned fund balance classifications. For governmental funds, other than the general fund, in which expenditures incurred for a specific purpose that exceed the amounts in the fund that are restricted, committed, or assigned to that purpose results in a negative residual balance, amounts assigned to other purposes in that fund will be reduced to eliminate the deficit. If the remaining deficit eliminates all other assigned amounts in the fund, or there are no amounts assigned to other purposes, the negative residual amount will be classified as Unassigned fund balance. A negative residual amount will not be reported for restricted, committed, or assigned fund balance in any fund.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

ENCUMBRANCES

The County uses encumbrance accounting throughout the year to record commitments related to unperformed contracts for goods or services; however, encumbrances are not carried-forward into the next fiscal year.

MINIMUM FUND BALANCE POLICY ~~(12/17/2020)~~

Purpose and Scope:

The purpose of this policy is to establish a framework for the unassigned fund balance in the General Fund. The Contingency and General Fund Balances are Monroe County's sole source of funds which provide financial protection, insure consistent County services, safeguard against operational volatility, shield against present and future State or Federal unfunded mandates, and/or fund unforeseen excess liability claims against the county.

Policy

Monroe County establishes this Minimum Fund Balance Policy to support mitigation of the impact of the general fund levy on county taxpayers while protecting county financial operations, obligations and liabilities.

A. The county will manage its General Fund Balance as follows:

a. The county will maintain an unassigned fund balance of not less than 20% based on the budgeted operating expenditures, as measured on December 31st of each year.

b. This parameter shall be reviewed by the Finance Committee annually or more often if economic or budgetary conditions change.

B. The county will review and adjust fund balance annually to ensure appropriate levels by:

a. Planned use of fund balance in excess of General and Special Revenue Fund cash reserves; and

b. Requiring a minimum unassigned designated cash balance of 20% of the adopted operating budget for the General and Special Revenue Funds at fiscal year-end; and

c. The annual Contingency Fund year-end balance shall be designated a non-lapsing fund. If on December 31st of any given fiscal year, should the cash balance percentage not be met, the contingency fund balance shall lapse to the General Fund in its entirety or in an amount, as determined by the Finance Committee, to bring General Fund Balance into compliance with this Minimum Fund Balance Policy; and

d. Planned use of fund balance for defined purposes, including property tax relief; funding for major capital projects or time-limited projects; or designating fund balance in excess of 20% for future debt service expenditures.

Monitoring and Reporting

The Finance Director will calculate the surplus or deficit for the current year based on the annual audit. Any cash reserve surplus after the contingency fund carry forward will be transferred to the Debt Service Fund for future taxpayer relief, transfer of funds to the Debt Service Fund shall cease at such time as all general obligation bonds are paid in full.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

STANDARD FINANCIAL STATEMENTS OF THE COUNTY

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the County. Financial statements may reflect year-to-year historical comparisons or current year budget-to-actual comparisons.

The basic financial statements and required supplementary information (RSI) for the County includes:

1. **Management's Discussion and Analysis (MD&A)** – The MD&A introduces the basic financial statements and provides an analytical overview of the government's financial activities.

2. **Basic Financial Statements**– include:

    - Government-wide financial statements- consists of a statement of net position and a statement of activities, prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the County.
    - Fund financial statements- consist of a series of statements that focus on information about the County's major governmental and enterprise funds, including blended component units, and are prepared using the economic resources measurement focus and the accrual basis of accounting. These include the governmental fund financial statements and proprietary fund financial statements.

3. **Notes to the Financial Statements**– Provides information that is essential to the user's understanding of the basic financial statements.

4. **Required Supplementary Information (RSI)** – Provides required budgetary comparison schedules for the general fund and each major special revenue fund that has a legally adopted annual budget.

FREQUENCY OF PREPARATION

The objective of the Finance Department is to prepare accurate financial statements and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

1. A standard set of financial reports shall be produced and reported on a monthly basis to the Finance Committee and County Board.

2. The following financial reports will be prepared and provided each month to the Finance Committee:
    - Graph of County total General Fund Cash Balance
    - Listing of Total General Fund Equity breakout
    - General Government Revenue Comparison
    - YTD Budget Report Comparison
    - YTD Budget Report Comparison Monthly

3. The following financial reports will be prepared and provided each month to the Board of Supervisors:
    - Graph of County total General Fund Cash Balance
    - Listing of Total General Fund Equity breakout
    - YTD Budget ~~Repoir~~ Report Comparison

4. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts is available to Department Heads [and Grants Managers] through authorized access to the reporting module in the accounting system.

GRANT REPORTING

All grant financial reports and supporting schedules shall be reviewed and approved by the Finance Director prior to being issued by the Finance Department.

Grant financial reports will be based on financial data reported in the County's accounting system. Financial statements may include an additional supplemental schedule prepared or compiled by the Department Head.

ANNUAL FINANCIAL STATEMENTS

On an annual basis, the County shall prepare, under the direction of the Monroe County Intendent Auditors, a complete set of financial statements, including the MD&A, and footnotes addressing all disclosures.

A formal presentation of the County's annual audited financial statements shall be provided by the independent auditor to the full Board of Supervisors at the County's ~~Annual~~ June Meeting. See separate policies regarding the annual audit under "Financial Management Policies."

GOVERNMENT RETURNS

OVERVIEW

Filing requirements of Monroe County include, but are not limited to, filing annual information returns with IRS, sales tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

FILING OF RETURNS

The Finance Director shall be responsible for identifying all filing requirements and ensuring that Monroe County is in compliance with all such requirements. The County will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

Filings made by Monroe County include, but are not limited to, the following returns:

1. **W-2s and 1099s** – Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to the federal government by February 28. Form 1099-MISC, 1099-NEC and 1099-S are ~~is~~ required only if the County has provided more than $600 in compensation ~~to an independent contractor~~ during the calendar year.

2. **Form 941** – Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

3. **Unemployment** – Quarterly unemployment reporting of wages paid to employees is due to the state. Unemployment Reporting is due by the end of each quarter.

4. **Retirement** – Reported and paid monthly.

Monroe County's fiscal and tax year-end is December 31. All annual tax and information returns of Monroe County are filed on the cash basis of reporting.

Federal and all applicable state payroll tax returns are prepared by the County's Finance Department.

Monroe County complies with all state payroll tax requirements by withholding and remitting payroll taxes to the state of ~~residency~~ Wisconsin of each Monroe County employee.

UNRELATED BUSINESS ACTIVITIES

IDENTIFICATION AND CLASSIFICATION

Monroe County properly identifies and classifies income-producing activities that are unrelated to the County's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the general ledger in order to facilitate tracking and accumulation of unrelated trade or business activities.

ALLOCATION OF EXPENSES TO UNRELATED ACTIVITIES

In addition to segregating income associated with activities that are unrelated to Monroe County's exempt purpose, the County's general ledger shall also provide accounts for expenses associated with each such unrelated activity. These expenses shall be offset against unrelated business revenue in arriving at unrelated business taxable income. Expenses that shall be offset against gross unrelated business income shall be limited to those expenses directly associated with the production of such income, including reasonable allocation of indirect or shared or joint costs that benefit each activity, in accordance with expense allocation policies described elsewhere in this manual.

REPORTING

Monroe County will file IRS Form 990-T to report taxable income from unrelated trade or business activities. Form 990-T is subject to public access and disclosure requirements. Please see the Public Access to Information Returns section above.

Monroe County shall also report taxable income from unrelated trade or business activities that are subject to state or local income or franchise taxes on the appropriate return.

JOINT VENTURES

Monroe County will evaluate and negotiate potential participation in joint ventures under Federal tax law to ensure that any proposed venture safeguards the County's tax-exempt status. For the purposes of this policy, a joint venture is any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment or exempt purpose activity.

In order to adequately safeguard its tax-exempt status, Monroe County will negotiate transactions and arrangements so that it has sufficient control over the venture to ensure that the activity furthers the exempt purpose of the County and that all agreements be on terms that are arm's length or more favorable to the County. Monroe County will also require that the venture give priority to exempt purposes over maximizing profits and that the venture not engage in activities that would jeopardize the County's exempt status.

FINANCIAL MANAGEMENT POLICIES

BUDGETARY PRESENTATION

OVERVIEW

The County adopts an annual appropriated budget for all of its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements are prepared to demonstrate compliance with the budget.

PREPARATION AND ADOPTION

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The County Administrator gathers proposed County-wide budget information from all Department Heads and others with budgetary responsibilities in August and prepares the first draft of the budget. Budgets proposed and submitted by each department are accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.

2. The Finance Department adds the employee wages and related benefits to the department budgets. After appropriate revisions and a compilation of all department budgets by the Finance Director, a draft of the County-wide budget, as well as individual department budgets, is presented to the Finance Committee for discussion, revision, and initial approval.

3. During October, the proposed operating budget approved by the Finance Committee is submitted to the County Board for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.

4. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue, debt service and capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

5. During the year, formal budgetary integration is employed as a management control device for the general, special revenue, debt service and capital projects funds.

6. Expenditures may not exceed appropriations provided in detailed budget roll up accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.

7. Encumbrance accounting is used throughout the year by the County to record commitments related to unperformed contracts for goods or services; however, encumbrances are not carried forward into the next year.

MONITORING PERFORMANCE

Monroe County monitors its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier in this manual.

BUDGET MODIFICATIONS

Reclassifications that increase or decrease both revenue and expenditures due to new grants, changes in grant funds, transfers from sources in the County outside the Department's original budget, or other reason shall be made only with approval of the Finance Committee and full County Board.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, the County will report the original budget, in addition to the revised budget.

The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year.

The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year.

BUDGET LINE ITEM TRANSFER PROCEDURES

A transfer of funds should be made prior to individual roll up line items balance exceeding the roll up item budget as adopted. No transactions should be posted to any budget roll up line item if there are not adequate budgeted funds available to cover those transactions during that fiscal year.

In the event a department has insufficient line item budgeted funds available to cover the balance of proposed transactions, a transfer of budget funds from another individual roll up line item within that department's budget to cover those transactions may be initiated, with prior approval.

All transactions shall be charged to the appropriate revenue/expenditure account, not arbitrarily charged to accounts where unused budget funds are available. To transfer budgeted expense and revenue amounts from one line item to another within the same budget period that does not exceed the adopted budget of the County, the following procedures will be followed:

1. To initiate the line item transfer process, the Department Head shall review, discuss, approve, and sign the Request for Line Item Transfer form and place the approved and completed form on the next monthly meeting agenda of their committee of jurisdiction.

2. If the Request for Line Item Transfer is approved by the committee of jurisdiction, and the request is for an amount of $500 or less, the signed copy of the form along with a copy of the meeting minutes shall be forwarded to the County Administrator for approval.

3. If the Request for Line Item Transfer is approved by the committee of jurisdiction, and the request is for an amount of $500 or more, the signed copy of this form along with a copy of the meeting minutes shall be forwarded to the County Clerk to be noticed on the Finance Committee agenda for review, discussion and action.

BUDGET MODIFICATIONS PROCEDURES

To initiate a budget adjustment, the Department Head shall notice the review, discussion and action of this completed and signed Notice of Budgetary Adjustment form on the next monthly meeting agenda of their committee of jurisdiction. If the Budgetary Adjustment is approved by the committee of jurisdiction the signed copy of the form along with a copy of the meeting minutes shall be forward to the County Clerk to be noticed on the Finance Committee agenda for review, discussion and action.

Upon Finance Committee approval the signed Budgetary Adjustment form shall be forwarded to the County Clerk to be notice on the County Board agenda for review, discussion and action. Per WI Stats 65.90(5)(a) the Budgetary Adjustment must be authorized by a vote of two-thirds of the entire membership of the County Board.

A department representative must be available at each meeting to address any questions or concerns that may arise during review and discussion. If unavailable make arrangements to coordinate to have someone available incase questions arise.

FEDERAL GRANT BUDGET AND PROGRAM REVISIONS

Budgets for federal grant-funded programs, whose grant years are different from the County's fiscal year, will be prepared in accordance with awarding agency requirements, and will also be included in the County-wide budget.

Each Grant Manager must be aware of budget modification requirements of each funder. Awarding agencies may or may not require approval for changes in line items. Monroe County will document and follow all such requirements.

Monroe County will request prior approval from federal awarding agencies for any of the following grant-funded program or budget revisions: *(2 CFR Part 200.308)*

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.

2. Change in a key person Program Director, etc. specified in the application or award document.

3. Disengagement for more than three months, or a 25% reduction in time devoted to the project, by the approved Program Director.

4. The need for additional federal funding.

5. The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with 2 CFR Part 200.407, Prior written approval.

6. The transfer of funds allotted for participant support costs to other categories of expense.

7. Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, equipment, or general support services.)

8. Changes in the amount of the approved cost-sharing or matching provided by the County.

ANNUAL AUDIT

ARRANGING FOR THE ANNUAL AUDIT

Monroe County will arrange for an annual audit of the County's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by the Finance Committee will be required to communicate directly with the County's Finance Committee upon the completion of their audit. In addition, members of the Finance Committee and Personnel Committee are authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Supervisors by the independent accounting firm at the County's Annual Meeting, after the financial statements have been reviewed and approved by the Finance Committee.

AUDITOR INDEPENDENCE

Monroe County may from time to time request the independent auditor to provide services outside the scope of the annual audit. In connection with these non-audit services, it is imperative that the independent auditor remain independent in fact and in appearance in order to continue serving the County as its auditor.

Generally, in order to remain independent with respect to the audit, the County's auditors should not provide non-audit services that involve performing management functions or making management decisions nor should they provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits (or where they would be auditing their own work in connection with the annual audit).

Therefore, it is the County's policy to evaluate any non-audit service requested from the independent auditor for possible impairments to the firm's independence, and to not permit the performance of any services that would impair independence. This evaluation shall be performed by the Finance Director, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the County's independent auditor, the County shall:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service to be determined by the Finance Committee.

2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives to be performed by the person designated in step 1.

3. Make any decisions that involve management functions related to the non-audit service and accept full responsibility for such decisions.

4. Evaluate the adequacy of the services performed and findings that result.

HOW OFTEN TO REVIEW THE SELECTION OF THE AUDITOR

Monroe County shall review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current firm;
2. When a fresh perspective and new ideas are desired; or
3. Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years, but simply to reevaluate the selection).

SELECTING AN AUDITOR

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by Monroe County in selecting an accounting firm:

1. The firm's reputation in the nonprofit community.
2. The depth of the firm's understanding of and experience with federally grant-funded entities and federal reporting requirements under 2 CFR Part 200.
3. The firm's demonstrated ability to provide the services requested in a timely manner.
4. The ability of firm personnel to communicate with County personnel in a professional and congenial manner.

The following information should be included in the written Request for Proposal (RFP) to be sent to prospective audit firms:

1. Period of services required
2. Complete description of the services requested (audit, management letter, tax returns, etc.)
3. Identification of meetings requiring their attendance, such as staff or Board of Supervisor meetings
4. County chart
5. Chart of account information
6. Financial information about the County
7. Copy of prior year reports (financial statements, management letters, etc.)
8. Identification of need to perform audit in accordance with 2 CFR Part 200.500 – 521, and the appropriate OMB Compliance Supplements.
9. Other information considered appropriate
10. Description of proposal and format requirements
11. Due date of proposals
12. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
13. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm members who will serve Monroe County
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available from the firm
8. Expected timing and completion of the audit
9. Expected timing of delivery of reports
10. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

In order to narrow down the proposals to the top selections, the Finance Director ~~shall~~ may meet with the prospective engagement teams from each proposing firm to discuss their proposal. Copies of all proposals shall be forwarded to each member of the Finance Committee. After the Finance Director narrows down the field of prospective auditors to three firms, final interviews of each firm are conducted by the Finance Committee, who makes the final recommendation for approval.

PREPARATION FOR THE ANNUAL AUDIT

Monroe County shall be actively involved in planning for and assisting with the County's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Finance Department shall provide assistance to the independent auditors in the following areas:

PLANNING

The Finance Director is responsible for delegating the assignments and responsibilities to finance staff in preparation for the audit. The Finance Director shall review the list of information requested by the auditors and assign responsibility for each item to the appropriate staff. The Finance Director shall then schedule and direct status meetings in the weeks leading up to the audit in order to review the progress of staff in preparing for the audit.

The Finance Director shall arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the auditor with Monroe County board members, Finance Committee members, or employees to facilitate the auditor's work. Prior to any such meetings or discussions, the Finance Director shall inform each County participant of the nature of the discussion or meeting and what, if any, preparations they should do prior to the meeting. The Finance Director shall communicate to each Monroe County participant in such meetings or discussions the importance of being open, honest, and frank with the auditors with respect to all questions posed by the auditors.

INVOLVEMENT

County staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

INTERIM PROCEDURES

To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the County's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. County staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, Monroe County will make every effort to provide schedules, documents, and information requested by the auditors in a timely manner.

CONCLUDING THE AUDIT

Upon receipt of a draft of the audited financial statements from its independent auditor, the Finance Director shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors.
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of Monroe County.
3. Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Finance Director.

It shall also be the responsibility of the Finance Director to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

In addition, the Single Audit Clearinghouse form shall be completed and a copy submitted to the Finance Committee.

AUDIT ADJUSTMENTS

It is the policy of Monroe County to review all adjustments prepared by the independent auditor in connection with the annual audit, and, if in concurrence, record them in the general ledger.

The County may also receive a list of unadjusted differences (or passed audit adjustments) from the independent auditor in connection with the audit. If the County receives such a list, it shall be the responsibility of the Finance Director to review them and determine whether or not to record them in the current year.

INTERNAL CONTROL DEFICIENCIES NOTED DURING THE AUDIT

In accordance with generally accepted auditing standards, at the conclusion of the audit the County's independent auditors may provide a written communication of internal control deficiencies noted in connection with their audit. Not all deficiencies in internal control are required to be reported by the auditor. Only the following two types of deficiencies are required to be communicated:

1. **Material weakness** – A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

2. **Significant deficiency** – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The County's independent auditors are required to provide written communication to the Audit Committee of all significant deficiencies and material weaknesses (i.e., only those control deficiencies that rise to the level of materiality at which they qualify under the definitions provided above, in the opinion of the auditor).

It is the County's policy that all internal control deficiencies that are communicated by the auditor in writing shall be formally addressed by the Finance Committee, the Department Heads, and the Finance Director. The Department Heads and the Finance Director shall prepare a written response, which shall include a corrective action plan, to each internal control finding and such response shall be presented to the Finance Committee for its review and approval.

FINANCE COMMITTEE COMMUNICATIONS WITH THE AUDITORS

In accordance with generally accepted auditing standards, in connection with and at the conclusion of each annual audit, the auditors are required to make certain communications directly to the Audit Committee. The Finance Director shall facilitate all of these communications, arranging for face-to-face meetings, telephone or conference calls, or delivery of electronic or paper documents between auditor and Audit Committee members.

Some of the communications that Monroe County's auditors may have with the County's Finance Committee include:

1. Planning discussions prior to commencing the audit, such as by inquiring of audit committee members their perception of where the risk of material misstatements in the County's financial statements may be greatest, the various risks of fraud, and other inquiries.

2. Planning stage communications informing the Finance Committee of the planned scope and nature of certain audit procedures that the auditors plan to perform, to aid in the Audit Committee members having a thorough understanding of the audit.

3. Internal control deficiencies noted during the audit, communicated in writing at the conclusion of the audit.

4. Any material fraud detected by the auditor, or any fraud, regardless of materiality, involving senior management, noted at any time during the audit.

5. Significant problems or other issues that arose during the audit (e.g., disagreements with management and certain other items that the auditors may be required to report to the audit committee).

6. Audit adjustments made by the auditors as a result of their audit.

7. Certain audit differences noted by the auditors that they deemed not material enough to warrant making an adjustment for.

Audit Committee members should be aware of these communications and engage in active discussions with the auditors whenever it is considered appropriate in the fulfillment of these or their other duties.

INSURANCE

OVERVIEW

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of Monroe County.

Monroe County maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

COVERAGE GUIDELINES

As a guideline, Monroe County will arrange for the following types and levels of insurance as a minimum:

Type of Coverage	Amount of Coverage
Comprehensive Liability	$1,000,000
Umbrella Liability	$1,000,000–$10,000,000
Automobiles for Employees, Volunteers, or Escorts	$1,000,000
Employee dishonesty/bonding	$1,000,000 for all accounting department employees and the Department Heads
Fire and Water Damage	Coverage for all items with acquisition cost greater than $1,000
Supervisors and Officers	$1,000,000 (with an appropriate deductible level)
Theft	Coverage for all items with acquisition cost greater than $1,000
Workers' Compensation	To the extent required by law (or contractual obligations of the County)

Monroe County shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

INSURANCE DEFINITIONS

FIDELITY BOND

For all personnel handling cash or preparing or signing checks, Monroe County shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the County will determine the dollar limit of this coverage.

COMPREHENSIVE LIABILITY

This type of coverage may include supervisors, managers, and employee general liability insurance, buildings, contents, computers, boilers, and machinery.

SELF-INSURED WORKERS' COMPENSATION

At such times that Monroe County deems it appropriate to be self-insured for workers compensation coverage, the County shall administer the program to preserve the safety of reserves and equitably allocate expenses, per Finance Committee Action on September 11, 2015.

PROCEDURES FOR SELF-INSURED WORKERS' COMPENSATION

1. Charge each department equitably through updated rates found on the Wisconsin Compensation Rating Bureau (WCRB) website each year when budgeting. Each employment position will be charged a rate times gross wages during the bi-weekly payroll process based on workers compensation class rates.

2. These fees that are charged to each department will be transferred to a separate workers compensation reserve account for future allocations.

3. A minimum amount of a 3 occurrence limit plus total unpaid losses per Workers' Compensation Reserve Analysis report would be maintained in the reserve fund. (1,500,000 + 525,379 for a total of 2,025,379).

4. If the fund builds up excess funds or falls below the minimum reserve the rates charged in the following budget cycle would be adjusted accordingly to eliminate any excess surplus or deficit.

SELF-FUNDED EMPLOYEE INSURANCE

Effective 1/1/2021 per Resolution 08-20-02 approved August 26, 2020, Monroe County will have a self-funded health insurance model. Monroe County works with their insurance broker to manage risk while providing quality healthcare options to employees.

RECORD RETENTION

RECORD RETENTION POLICY

Monroe County retains records as required by law and destroys them when appropriate. All files, both hard copy and electronic, shall be labeled with topic, year (if applicable), and destruction date. Electronic copies shall be saved in appropriate folders on the network storage device. Hard copies should be stored in file cabinets or archived in the storage area. Archived hard copy files shall be stored in water and animal proof containers.

The destruction of records must be approved by the Finance Director and logged into the County's Destroyed Records Log. Review and purging of files may take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The destruction of any documents containing social security numbers or any other "consumer data" as defined under federal laws and regulations shall be done via shredding using an approved shredding service provider or placed in an approved confidential bin.

The formal records retention policy of Monroe County is as follows:

Record	Retention
Audit reports	Permanent
Correspondence – Legal and important matters	Permanent
Deeds, mortgages, and bills of sales	Permanent
Financial statements – Year-end	Permanent
General ledgers/year-end trial balance	Permanent
Minute books of supervisors, bylaws, and charters	Permanent
Retirement and pension records	Permanent
Tax returns and worksheets, examination reports and other documents relating to tax filings	Permanent
Trademark registrations and copyrights	Permanent
Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Contracts, mortgages, notes, and leases – expired	7 Years
Garnishments	7 Years
Insurance claims	7 years
Inventories of products, materials, and supplies	7 Years
Invoices (to customers, from vendors)	7 Years
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Property records (incl. depreciation schedules)	7 years
Purchase orders	7 Years
Sales records	7 Years
Subsidiary ledgers	7 Years
Timesheets/cards	7 Years
Withholding tax statements	7 Years
Bank statement & reconciliations	3 Years
Chart of accounts	3 years
Employment applications	3 Years
Insurance policies (expired)	3 Years
Internal audit reports	3 Years
Internal reports	3 Years
Petty cash vouchers	3 Years
Correspondence – General	2 Years
Grant reports or grant related records OR longer period if required by granting agency	4 Years

EXCEPTION FOR INVESTIGATIONS

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the County's Code of Conduct, the following exceptions are made to the preceding scheduled retention and/or destruction of records:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.

2. The term "records" shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.

PROTECTION OF RECORDS – FEDERAL MATTERS

Monroe County prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the County's Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

DEFINITIONS

The following definitions shall apply with respect to the policies described in this manual:

BID

Formal written responses by vendors to the County's solicitation for prices of goods and or services. Bids are usually in response to formal requests for proposal (RFP's) by the County, and their formats are often specifically prescribed so as to meet precise requirements of the RFP. Information provided in a bid may be binding against the vendor. Bids are awarded based on the lowest cost bid received by a responsive/responsible bidder.

CASH

Cash includes currency on hand in petty cash funds or change funds, demand deposits with banks or other financial institutions, and deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental entity may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Cash in lock boxes or on hand at December 31 but not receipted for at that date should also be reported as cash.

CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition. Original maturity means the original maturity to the entity holding the investment.

CONDITION

A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the County or releases the promisor from its obligation to transfer its assets. In practical terms, this means a donor has imposed some type of stipulation other than a purpose or time period stipulation (which is defined as a restriction below) and that condition has some degree of uncertainty as to whether or not it will occur, and if the condition is not met, the County is not entitled to the contribution. Conditions may or may not be within the control of the County.

CONTRIBUTION

An unconditional transfer of cash or other assets to the County, or a settlement or cancellation of the County's liabilities, in a voluntary nonreciprocal transfer by another entity or individual. Charitable Contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code, if made for a public purpose.

COOPERATIVE AGREEMENT

A legal agreement where the County implements a program with the direct involvement of the funder.

DEBT SECURITIES

Instruments representing a creditor relationship with an entity. Debt securities include U.S. government securities, municipal securities, corporate bonds, convertible debt, commercial paper, and securitized debt instruments. Unlike equity securities, debt securities have a maturity date attached.

DEPOSITS

Includes any government resources that could qualify for federal depository insurance. This includes checking accounts and demand deposits, savings accounts and time deposits, negotiable orders of withdrawal accounts, non-negotiable certificates of deposit, money market accounts at financial institutions, and other deposits in banks or credit unions.

DOCUMENTATION

Written evidence of information received from vendors. Documentation may be formal (bids received from vendors) or informal (a note written by the purchaser based on a phone conversation with a vendor).

EXCHANGE TRANSACTIONS

A transaction in which each party receives or gives up something of approximate value.

EQUITY
See Fund Balance.

FULL ACCRUAL
Proprietary funds recognize revenue from the effect of transactions, events, and interfund activities when they occur (earned), regardless of the timing of related cash flows (availability).

FUND BALANCE
This is a generic term used to refer to the difference between assets and liabilities. Due to the difference in reporting the basic financial statements, the components of equity will differ between the fund financial statements and the government-wide statements. Also referred to as net position, fund balance, or fund equity.

FUND EQUITY
See Fund Balance.

GRANT
A financial assistance award given to the County to carry out its programmatic purpose.

INDEPENDENT APPRAISER
An independent appraiser is a “certified real property appraiser or General Services Administrative representative”. A Real Estate® agent does not qualify, 2 CFR Part 200.306(i)(1).

INVESTMENTS
A security or other asset that (a) the County holds, primarily for the purpose of obtaining income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The purpose for which an asset is acquired will determine whether it is an investment.

LOCAL GOVERNMENT INVESTMENT POOL
The County has investments in the Wisconsin local government investment pool (LGIP). The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. County funds are reported at fair value.

MODIFIED ACCRUAL
Governmental funds recognize revenue in the accounting period in which they become susceptible to accrual. Susceptible to accrual means that revenues are both measurable and available to finance expenditures of the fiscal period. Financial resources are available only to the extent that they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The availability period used for revenue recognition is 60 days.

NET POSITION
See Fund Balance.

NON-EXCHANGE TRANSACTION
A transaction in which a party receives or gives value without directly receiving or giving equal value in return.

NONRECIPROCAL TRANSFER
A transaction in which an individual or entity incurs a liability or transfers assets to Monroe County without directly receiving value in exchange.

PROMISE TO GIVE
A written or oral agreement to contribute cash or other assets.

QUOTES
Informal responses by vendors to the County's solicitation for prices of goods or services. Quotes may be written or verbal and are estimates of the price of a good or service. Quotes may be requested formally, such as a written memo to vendors, or informally, such as by phone. Prices and specification are not binding.

REQUEST FOR BID (RFB)
Formal request by the County for prices of goods or services. RFB's have very specific requirements as to the information the vendors must provide, such as product features, duties to be performed by the vendor and pricing. Award decisions are based solely on lowest responsive/responsible bid received.

REQUEST FOR INFORMATION (RFI)
RFI's can be prepared at any time, and do not result in a legally binding document or award. They can be used to narrow the scope of a project or define parameters, and can also be used to narrow the field of prospective vendors or prequalify vendors, in request for proposal projects.

REQUEST FOR PROPOSAL (RFP)
Formal request by the County for prices of goods or services. RFP's have very specific requirements as to the information the vendors must provide, such as product features, duties to be performed by the vendor and pricing. Requests for Proposal allow for evaluation of proposals based on a specified criteria matrix. Award decisions are not based solely on lowest responsive/responsible bid received. All RFP's shall include the County's standard terms and conditions.

RESTRICTION
A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the County, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.