



## **FINANCE POLICIES**

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## Mission & Financial Policies Statement

*It is the mission of Le Sueur County to provide efficient, professional and courteous service to our customers and colleagues alike.*

The Board of Commissioners is responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Le Sueur County. The County Administrator is responsible for carrying out the policy directives of the Le Sueur County Board of Commissioners and managing the day-to-day operations of the organizational departments. The purpose of these finance policies is to provide a framework; whereby, all county employees may accomplish the mission of Le Sueur County by operating as efficiently as possible, while safeguarding county assets, and providing quality service to our citizens in a cost-effective manner.

## Overview

The County of Le Sueur is responsible to its taxpayers to carefully account for public funds, to manage county finances wisely, and ensure it is capable of adequately funding and providing local government services needed by citizens. Financial policies provide the framework for the overall fiscal management of a county.

Employees are responsible for being aware of and following County policies and state and federal statutes. This single resource guide has been compiled for the convenience of employees to assist with the faithful discharge of duties. These financial policies will be reviewed periodically to determine if changes are necessary. The reference to management in these policies refers to County management unless defined otherwise.

## Auditor Independence

In accordance with the Government Accountability Office, the authority on local government audits, in all matters relating to audit work, the external auditor shall be free both in fact and appearance from personal, external and organizational impairments to independence.

- The County's external audit organization shall not be responsible for designing, developing and/or installing the County's accounting system or its operating system where this system generates information used in preparing financial statements for Le Sueur County.
- External auditors shall not develop a performance measurement system, or any other system relied upon in developing financial statements.
- The external auditors may prepare draft financial statements, schedules or perform other duties provided they are based on County management's direction and the work results in a recommendation to County management.
- Decisions based on the external auditor's recommendations must be approved by County management.
- External auditors shall provide routine advice to the County of Le Sueur and its management to assist them in activities such as establishing internal controls or implementing audit recommendations and can answer the technical questions and provide training, however, they may not direct or unduly influence management with those decisions.

Any non-audit work related to tax rulings, arbitrage, attestation, compilation, sales tax audits, counted value audits and financial report assistance proposed by the auditors must be approved by the County Administrator prior to hiring them.



## Account Code & Accounting Definitions

Adopted January 2, 2024

**ABATEMENT:** A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments, and service charges.

**ACCOUNT:** A term used to identify an individual asset, liability, expenditure/expense control, revenue control, encumbrance control, fund balance or net assets.

**ACCOUNTABILITY (ACCOUNTABLE):** The state of being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that people have a "right to know," a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives.

**ACCOUNTS PAYABLE:** A short-term liability reflecting amounts on open account owing to private persons or organizations for goods and services received by a county.

**ACCOUNTS RECEIVABLE:** This amount represents accounts from individuals or businesses and does not include amounts due from other funds or other governmental units. It also does not include items such as taxes or special assessments receivable.

**ACCRUAL BASIS:** The basis of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows.

**ACCRUED INTEREST PAYABLE:** Interest costs related to the current period and prior periods, but not due or payable until a later date.

**ACH PROCESSING (ACH-AUTOMATED CLEARING HOUSE):** processing that occurs between a nationwide network of financial institutions that send electronic messages, via telecommunications lines instead of paper (checks), to transfer money between two parties. The most common ACH transactions are direct deposit, pre-authorized debits, cash concentration, and corporate to corporate payments.

**ADVANCES TO OTHER FUNDS OR GOVERNMENTS:** Amounts that are owed, other than charges for goods and services rendered, to a particular fund by another fund of the county and that are not due or payable until a later date.

**AGENCY FUND:** A fund used to account for assets collected on behalf of another agency.

**ANNUITY:** A series of equal money payments made at equal intervals during a designated period of time.

**APPROPRIATION:** An authorization granted by the County Board to make expenditures and to incur obligations for specific purposes. *Note:* An appropriation is usually limited in amount and as to the time when it may be expected.

**BOND:** An interest-bearing certificate of public or private indebtedness.

**BUDGET:** A plan of financial operation embodying an estimate of proposed expenditures and revenues for a given period. *Note:* The term "budget" is used in two senses in practice. Sometimes it

designates the financial plan presented to the county board for adoption and, at other times, it represents the adopted budget. Therefore, it is usually necessary to specify whether the budget under discussion is preliminary and tentative or whether it has been approved by the board.

**CALLABLE BOND:** A type of bond which permits the issuer to pay the obligation before the stated maturity date by giving notice of redemption in a manner specified in the bond contract.

**CAPITAL ASSETS:** are defined as tangible or intangible property that are used in operations that have initial useful lives extending beyond a single reporting period and meet the definition and minimum dollar amount for capitalization per asset category as follows:

**BUILDINGS:** A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. They should be recorded at their acquisition cost or construction cost. The cost should include those fixtures, machinery, or other components that cannot be removed without damage such as generators, security systems, lighting or wiring.

**BUILDING IMPROVEMENTS:** Capitalized costs that extend the useful life of a building or increase the value of a building, or both, beyond one year. Do not include maintenance or repairs done in the normal course of business.

**EASEMENTS:** An interest in land owned by another that entitles its holder to a specific limited use or enjoyment (right to use the land). Easements should be reported only if the entity has paid for the easement.

**EQUIPMENT:** Fixed or movable tangible assets such as machinery, computers, printers, radios, etc.

**INFRASTRUCTURE:** Assets that are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include but are not limited to: roads, bridges, and dams.

**INTANGIBLE ASSETS:** Common examples of intangible assets include easements, timber rights, patents and trademarks, computer software (purchased or internally written), and plant capacity (GASB No. 51).

**LAND:** Real property that is purchased or acquired by gift for operating purposes regardless of value. Land is characterized as having an unlimited life (indefinite) and therefore should be capitalized but not depreciated. It is recorded at historical cost and remains at that until disposal.

**LAND IMPROVEMENTS:** Land improvements consist of betterments, site preparation, and site improvements (other than buildings) that ready land for its intended use. It includes both non-exhaustible and exhaustible improvements. Non-exhaustible improvements are expenditures for improvements that do not require maintenance or replacement, and do not deteriorate with use or passage of time are added to the cost of the land and are not depreciable. Exhaustible improvements are other improvements to the site such as parking lots, landscaping, and fencing that are exhaustible and therefore depreciable.

**MOTOR VEHICLE:** Any self-propelled vehicle designed and originally manufactured to operate primarily on highways, and not operated exclusively upon railroad tracks. It includes any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys that are propelled by electric power obtained from overhead trolley wires but not operated upon rails.

**WORKS OF ART & HISTORICAL TREASURES:** Collections or individual items of significance that are owned by a local government that are not held for financial gain, but rather for public exhibition, education, or research in furtherance of public service.

**CAPITALIZATION THRESHOLD:** The dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives beyond a single reporting period.

**CASH & POOLED INVESTMENTS:** Includes currency, coin, money orders, and bankers' drafts on hand or on deposit with the County Auditor-Treasurer or their agent designated as custodian of cash or demand deposits with financial institutions.

**CASH HELD BY FISCAL AGENT:** Funds that have been deposited with a fiscal agent for debt retirement, interest payments, or anticipated expenses related to new debt issuance.

**CHARGES FOR SERVICES:** These are charges for current services exclusive of revenues from public utilities and other public enterprises. Charges for services should be segregated between general government, public safety, highway and streets, sanitation, health and welfare, culture-recreation, education, and other charges.

**CHART OF ACCOUNTS:** The classification system of a county to organize the accounting for various funds.

**COMMUNICATION AND TRANSPORTATION SERVICES:** This category includes amounts paid for services provided by persons or businesses to assist in transmitting information or transporting people or materials.

**COMPREHENSIVE FRAMEWORK OF INTERNAL CONTROLS:** A structure of internal controls that provides for: (a) a favorable control environment; (b) the continuing assessment of risk; (c) the design, implementation, and maintenance of effective control-related policies and procedures; (d) the effective communication of information; and (e) the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**CONDENSED FINANCIAL STATEMENTS:** Abbreviated financial statements sometimes required by GAAP to be presented within the notes to the financial statements in connection with component units, external investment pools, and segments. In addition, GAAP prescribes the presentation of condensed financial information for the prior fiscal year as part of management's discussion and analysis.

**CONSTRUCTION-IN-PROGRESS:** Value at cost of land, building, and attached equipment projects being constructed but not yet completed. Upon completion of the project, these accounts should be closed out and the costs capitalized in the land; buildings and structures; and equipment, furniture, and fixture accounts.

**CONTRACTS PAYABLE:** Balance reflects amount due on contracts for goods and services furnished to another.

**CONVENIENCE FEE:** A fee that is charged to a customer for the convenience of making an electronic payment. A convenience fee, which is charged to the customer, covers all of a payment vendor's transaction costs (see "transaction fees" below).

**COUNTY FINANCIAL ACCOUNTING & REPORTING STANDARDS (COFARS):** The primary objective of developing standard procedures and classifying accounts is to provide a means for accumulating financial information which will be uniform for all counties, regardless of their size or varying approaches of budgeting and accounting that may be used.

**COUNTY MANAGEMENT:** Department Heads and Supervisors

**CURRENT ASSETS:** Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, short-term investments, and taxes receivable which will be collected within one fiscal year.

**CURRENT LIABILITIES:** Liabilities which are payable within a relatively short period of time, usually no longer than a year.

**CUSTODIAL CREDIT RISK:** The risk that the government will not be able (a) to recover deposits if the depository financial institution fails, or (b) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

**CUSTOMER:** A person who is paying taxes or certain fees with an electric payment, such as a credit card.

**DEBT:** An obligation resulting from the borrowing of money or from the purchase of goods or services.

**DEFERRED REVENUE – UNAVAILABLE:** Amounts under the modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because such amounts are measurable but not available for expenditure.

**DEFERRED REVENUE - UNEARNED:** Amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

**DEPARTMENT:** Any department or office managed by an elected official or department head of Le Sueur County government.

**DEPRECIATION:** The process of allocating the costs of tangible property over a period of time, rather than deducting the cost as an expense in the year of acquisition. Generally, at the end of an asset's useful life, the sum of the amounts charged for depreciation in each accounting period will equal original cost less salvage value.

**DEPRECIATION METHOD:** The method used to calculate the allocation (depreciation) of the cost of a capital asset over its estimated useful life. The most common method is straight-line depreciation, which allocates the cost evenly over the life of the asset.

**DUE FROM OTHER FUNDS:** This represents a short-term obligation due from one fund to another.

**DUE FROM OTHER GOVERNMENTS:** These represent amounts due from another government. These amounts may represent intergovernmental grants, entitlements, or shared revenues or may represent loans or charges for goods or services rendered by the county for another government entity.

**DUE TO OTHER FUNDS:** Balance is amount due to other funds of the same country that are due within one year. A detailed ledger should show account activity of each fund.

**DUE TO OTHER GOVERNMENTS:** Account represents amount due on a current or delinquent basis to another governmental agency. A detailed ledger should show account activity of each agency.

**ENTERPRISE FUND:** Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

**ENTITLEMENT:** The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

**ECONOMIC RESOURCES MEASUREMENT FOCUS:** Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's new asset. The economic resources focus is used for proprietary and fiduciary funds, as well as, for government-wide financial reporting.

**ESTIMATED USEFUL LIFE:** An accounting estimate of the time period (number of months or years) that an asset will be able to be used for the purpose for which it was purchased or constructed.

**FEDERAL GRANTS:** Revenues received from the federal government which is distributed for specific programs.

**FINANCIAL ACCOUNTABILITY:** Term used in connection with the definition of the financial reporting entity. The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

**FINANCIAL ACCOUNTING STANDARDS BOARD (FASB):** The authoritative accounting and financial reporting standard-setting body for business enterprises and not-for-profit organizations. The FASB is the direct successor of the committee on Accounting Procedure and the Accounting Principles Board. The GASB and its predecessors have elected to apply a number of the FASB's standards, as well as those of its predecessors, to state and local governments.

**FORFEITED PROPERTY:** Revenue received from the settlement of tax foreclosure land sales.

**FUND BALANCE:** The different between assets and liabilities reported in a governmental fund.

**FUND:** A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**GENERAL FUND:** One of the five governmental fund types. The General Fund typically serves as the chief operating fund of a government. The General Fund is used to account for all financial resources not accounted for in some other fund.

**GENERAL OBLIGATORY BONDS ISSUED:** The face amount of general obligation bonds issued.

**GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS):** Standards for the conduct and reporting of both financial and performance audits in the public sector. The General Accounting Office disseminates GAGAS through its publication, Government Auditing Standards, commonly known as the Yellow Book. The basic GAGAS standards are classed into three broad categories: general standards, fieldwork standards, and reporting standards. The general standards of GAGAS apply to both financial audits and performance audits. GAAS establish separate fieldwork and reporting standards for financial audits and performance audits.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):** The conventions, rules, and procedure that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, the meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report.

**GENERALLY ACCEPTED AUDITING STANDARDS (GAAS):** The rules and procedures that govern the conduct of a financial audit. There are ten basic GAAS, classed into three broad categories: general standards, standards of fieldwork, and standards of reporting. The Auditing Standards Board of the AICPA publishes SAS's and related interpretations to comment and expand upon these basic standards.

**GOVERNMENTAL ACCOUNTING:** The composite of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governmental units and agencies.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB):** Accounting and financial reporting standards designed for the government environment are essential because governments are fundamentally different from for-profit business. Furthermore, the information needs of the users of government's financial statements are different from the needs of the users of private company financial statements. Also, GASB is the source of generally accepted accounting principles (GAAP) for state and local governments.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:** Financial statements that incorporate all of a county's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

**INFRASTRUCTURE AND INFRASTRUCTURE IMPROVEMENTS:** Acquisition or construction costs for tangible property that is normally both stationary in nature and can be preserved for a significantly

greater number of years than other types of property. Examples include roads, bridges, tunnels, storm drains, etc.

**INTER-FUND TRANSFERS:** Financial inflows from other funds of the county that are not classified as inter-fund services, reimbursements, or loans.

**INTERNAL CONTROL WEAKNESS:** A defect in the design or operation of internal control. A material weakness is a reportable condition which does not reduce to a relatively low level the risk that material errors or fraud would be detected in a timely manner by employees in the normal course of their duties.

**INVESTMENT EARNINGS:** Revenue received as interest or other earnings on investments.

**LAND:** Acquisition cost of land, including the purchase price and related costs of the purchase, such as fees, demolition, and clearing costs necessary to prepare the land for its intended use.

**LEASEHOLD IMPROVEMENTS:** Cost of improving and alterations made to leased property.

**LOCAL GRANTS:** Grants from other local governments for specific programs or uses.

**MAJOR FUND:** A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least ten percent of corresponding totals for all governmental or enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

**MAJOR PROGRAM:** Term used in the context of Single Audits. As part of the Single Audit, the independent auditor must gain an understanding of internal controls over compliance for each major federal award program and then test those controls. In addition, the independent auditor must render an opinion on whether the government complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on each major federal award program.

**MANAGEMENT LETTER:** A term used in connection with the independent audit of the financial statements. A formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements. A management letter typically would be redundant in an audit conducted in accordance with GAAS, which requires that the independent auditor publish internal control weaknesses and instances of noncompliance in conjunction with a formal report on internal controls and compliance. The management letter, as just described, should be distinguished from the management representation letter. The latter is a communication by management to the independent auditor in which management takes formal responsibility for the fair presentation of the financial statements and makes certain specific representations regarding their contents.

**MANAGEMENT REPRESENTATION LETTER:** A letter addressed to the auditor, signed by the client's chief executive officer and chief financial officer. During an audit, management makes many representations to the auditor. Written representations from management in the letter confirm oral representations given to the auditor, document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding.

**MANUFACTURED HOME – CURRENT:** Taxes levied on the assessed valuation of mobile homes collectable during the current year.

**MANUFACTURED HOME – DELINQUENT:** Delinquent mobile home taxes collected.

**MARKET VALUE:** An assessor's estimate of what property would be worth on the open market if sold. The market value is set on January 2 of the year before taxes are payable.

**MATERIAL WEAKNESS:** A reportable condition (internal control weakness) of such magnitude that it could potentially results in a material misstatement of the financial statements.

**MATERIALITY:** The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement. The objective of accountability in governmental financial reporting adds another perspective to materiality. Specifically, accountability requires materiality to be judged not only in a quantitative manner, but also in a qualitative manner. That is, accountability involves such issues as legal and contractual compliance that may not have a "material" effect on the entity's reported operating results and financial position but that would influence or change the judgement of a reasonable person about how the government has conducted its affairs during the period.

**MATERIALS & SUPPLIES:** As a general guideline, which may vary with departments, a supply item is any article or material which meets any one or more of the following conditions: (a) it is consumed in use; (b) it loses its original shape or appearance with use; (c) it is expendable; that is, if the article is damaged or some of its parts are lost or worn out; it is usually more feasible to replace it with an entirely new unit rather than repair it; (d) it is an item, having characteristics of equipment, whose small unit cost (for example, less than \$5,000) makes it inadvisable to capitalize the item (if appropriate); or (e) it loses its identity by fabricating or incorporating it into a different or more complex item.

**MATURITY DATE:** The stated date on which all or a portion of the principal amount of a security is due and payable.

**MODIFIED ACCRUAL BASIS:** The basis of accounting under which expenditures are recorded at the time liabilities are incurred and revenues are recorded when received, except that selected revenues are recorded when earned. The selected revenues should be material and must properly reflect the matching of expenditures, if applicable.

**MONEY MARKET INVESTMENT:** A short-term highly liquid debt instrument, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Asset-backed securities, derivatives, and structured notes are not included in this term.

**MUNICIPAL BOND:** A bond issued by a state or local government.

**NET INCOME:** A term used in accounting for proprietary funds to designate the excess of total revenue over total expenses for an accounting period. (Also called Net Profit)

**NOTE PAYABLE:** In general, an unconditional written promise signed by the maker to pay a certain sum of money on demand or at a fixed or determined future time either to the bearer or to the order of a person designated therein.



**NOTE RECEIVABLE:** An unconditional written promise signed by the maker, to pay a certain sum in money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein. The note may be held by the reporting governmental unit as designated payee or by endorsement.

**NOTES PAYABLE – NON-CURRENT:** The face value of notes not due within one year.

**NOTES TO THE FINANCIAL STATEMENTS:** The summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements of an entity in conformity with GAAP which are not included on the face of the basic financial statements themselves. The notes to the financial statements are an integral part of the basic financial statements.

**NOTES/LOANS RECEIVABLE:** An unconditional written promise signed by the maker, to pay a certain sum on demand or at a fixed or determinable future time either to the bearer or at the order of a person designated therein.

**PASS-THROUGH GRANTS:** Grants and other financial assistance received by a governmental entity to transfer or to spend on behalf of a secondary recipient.

**PAYMENT IN LIEU OF TAXES:** A payment that a property owner not subject to taxation makes to a government to compensate it for services that the property owner receives that normally are financed through property taxes.

**PETTY CASH FUNDS:** The Change Funds sole purpose is for making change for customers conducting business with Le Sueur County.

**PROPERTY TAXES – CURRENT:** Taxes levied on real and personal property collectible in prior years which were collected during the current year.

**PROPERTY TAXES – DELINQUENT:** Taxes levied on real and personal property collectible in prior years which were collected during the current year.

**PROPERTY TAXES – LIGHT AND POWER:** Special taxes levied on the related physical assets of privately-owned electric utilities—generating facilities, substations, and distribution power lines.

**PROPRIETARY FUNDS:** Funds that focus on the determination of operating income, changes in net assets, financial position, and cash flows. There are two different types of propriety fund: enterprise funds and internal service funds.

**REFUNDING BONDS ISSUED:** The face amount of bonds issued to refinance existing debt.

**REFUNDS PAYABLE:** Amounts due back to individuals or others because of overpayments to the county.

**REGISTERED WARRANT:** A warrant which is registered by the paying officer for future payment due to a present lack of moneys and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders.

**REIMBURSEMENT GRANT:** A grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as expenditure-driven grants.

**REIMBURSEMENTS:** Reimbursements are transactions that reduce expenditures or expenses in the fund that is reimbursed. These transactions include refunds of expenditures and payments received for others' share of pooled purchases.

**RENTALS AND SERVICE AGREEMENTS:** This category is for expenditures for the lease or rental of land, buildings, and equipment for the temporary or long-term use by the county. This includes vehicles, data processing equipment, reproduction equipment, shop, construction, and maintenance equipment. This category is also for all other service agreements or contracts provided by non-County personnel.

**RENTS AND ROYALTY:** Revenue received from the lease or rental of buildings, vehicles, land and easements, signs, parking lots, etc.

**REPAIR AND MAINTENANCE SERVICES:** This category is for expenditures for repairs and maintenance services provided by non-county personnel. Include contracts and agreements covering the upkeep of grounds, buildings, and equipment. Exclude costs for new construction, renovating, and remodeling, initial and additional equipment consider capital expenditures.

**RESERVE:** Reserve refers only to the portion of Fund Balance that is intended to provide stability and response to unplanned events or opportunities.

**RESERVE FOR ENCUMBRANCES:** Segregation of a portion of fund balance for commitments related to underperformed contracts.

**RESERVED FOR INVENTORIES:** An account used to segregate a portion of fund balance to indicate, using the purchases method for budgetary purposes, that inventories do not represent "available spend-able resources."

**RESERVED FUND BALANCE:** The portion of a governmental fund's net assets that is not available for appropriation.

**RESTRICTED ASSETS:** Assets whose use is subject to constraints that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**RESTRICTED NET ASSETS:** A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

**SALES OF CAPITAL ASSETS:** Revenue received from the sale of capital assets, except for unusual sales.

**SALVAGE VALUE:** The value that an asset is expected to have when it is no longer useful for its intended purpose. The salvage value is the amount for which the asset could be sold for at the end of its useful life. The value can be based on general guidelines from professional organizations, information from other governmental entities, internal experience, or professionals such as engineers, architects, etc.

**SERIAL BONDS:** Bonds whose principal is repaid in periodic installments over the life of the issue.

**SHORT-TERM DEBT:** Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes contracts and accounts payable, bond anticipation notes, and interim warrants.

**SINGLE AUDIT:** An audit performed in accordance with the Single Audit Act of 1984 (as amended by the Single Audit Amendments of 1996) and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

**SOURCE DOCUMENT:** An original document, such as vendor invoice, receipt, or journal voucher, from which initial entries are made in the accounting system.

**SPECIAL ASSESSMENT BONDS PAYABLE – CURRENT:** Account balance reflects the face value of the current portion of special assessment bonds due within one year.

**SPECIAL ASSESSMENTS – CURRENT:** Current special assessment levies against benefiting property owners for improvements and/or other services not provided by the general tax levies.

**SPECIAL ASSESSMENTS – DELINQUENT:** Delinquent collections of assessments against benefiting property owners for improvements and/or other services not provided by the general tax levies.

**SPECIAL ASSESSMENTS – PREPAID:** Prepaid collections of special assessments against benefiting property owners prior to a levy.

**SPECIAL DISTRICT:** An independent unit of local government organized to perform a single governmental function or a restricted number of related functions.

**STATE GRANTS:** Revenues received from the state government which is distributed for specific programs or use.

**TAX INCREMENT:** Incremental property tax revenues captured for county redevelopment districts. Also, excess tax increment revenues distributed to the county.

**TRANSACTION FEE:** Refers to the cost incurred by a payment vendor for executing an electronic payment. If a department passes on the transaction cost to the customer, then the resulting fee to the customer is typically called a “convenience fee” (see definition above).

**UNAPPORTIONED TAX:** Current and delinquent property taxes that have yet to be apportioned out.

**UNRESTRICTED FUND BALANCE:** The difference between total Fund Balance in a governmental fund and its non-spendable and restricted components.

**WARRANTS PAYABLE:** Account balance reflects liabilities from warrants which have been issued but have not been redeemed.

## Budgetary and Financial Control

Adopted January 2, 2024

### Overview

After Departmental budgets are adopted by the Board, the Department shall have discretion to pay for expenses included in the budget. Expenses that significantly deviate from the budget shall be brought to the attention of the County Administrator and Board. Department Heads shall work closely with the Finance Director, Auditor/Treasurer and County Administrator on budget controls and management.

The following Departments shall lead the following components of budgetary and financial controls

- Budget compilation
  - Department Heads develop budgets and submit to Finance Director for compilation.
- Budget monitoring
  - Department Heads and Finance Director
- Income and expenditure projections
  - Department Heads
- Capital improvement financing
  - County Administrator, Finance Director and Auditor/Treasurer
- Risk management (see Risk Management Policy)
  - County Administrator, Finance Director and Auditor/Treasurer
- Conducting financial analysis to provide the future staffing and operational expenditure implications
  - Finance Director, Human Resources Director, County Administrator
- Cash and investment management (see Investment Policy)
  - Auditor/Treasurer
- Monitoring financial data for warning signals or trends
  - Auditor/Treasurer, Finance Director and County Administrator
- Preparing financial summary reports for key funds at least quarterly
  - Auditor/Treasurer and Finance Director
- Maintaining a detailed inventory listing of all material fixed assets to adequately ensure proper accounting of assets
  - Auditor/Treasurer
- Accounts Payable

- Auditor/Treasurer and Finance Director
- Accounts Receivable
  - Auditor/Treasurer and Finance Director
- Receipts, Collections and Customer Billing
  - Auditor/Treasurer

## Operating Budget

The County will develop annual budgets. The County will:

- Adopt a balanced operating budget for the General Fund. A balanced budget is one in which revenues, reserves, and other financing sources are equal to expenditures and other financing uses.
- Pay for current expenditures with current revenues.
- Avoid, if possible, balancing current revenues with funds needed for future expenditures.
- Not budget to accrue future revenues, unless those funds are designated for specific future uses
- Place excess revenue from a specific fiscal year into the County's reserves in a manner consistent with the County's fund balance reserve policies.
- Avoid postponing expenditures, rolling over short-term debt, and using reserves to balance the operating budget.
- Set the salary or wages of each County employee through a determination by the County Board.
- Protect against unforeseen events; the County Board may budget for and maintain a contingency reserve in accordance with the County's fund balance reserve policies.
- Appropriate administrative and general government costs to all its funds as appropriate. These charges will be identified in the annual budget.
- Monitor revenues and department expenditures through the collaborative effort of the County Board, Department Heads and County Administrator to ensure adherence to budgeted amounts. Budget roll-up group expenditures may not exceed the total budgeted amount. However, individual line items within a specific budget roll-up group may be exceeded. If budgeted roll-up group expenditures exceed or are expected to exceed the allotted budgeted amount, the Department Head can request a budget amendment which requires approval of the County Administrator.
- Review and update the schedule of fund balances, reserves and working capital in all other operating funds of the County and determine adequacy of those money balances, using specified guidelines and criteria in conjunction with the budgets set annually.

The operating budget policies ensure the County's annual operating expenditures are consistent with past expenditures and respond to long-term objectives rather than short-term benefits. The policies allow the County to maintain stable levels of service, expenditures, and tax levies over time. These policies are most critical to programs funded with property tax revenue because accommodating large fluctuations in this revenue source can impose hardship on citizens.

Department Heads will be responsible for administration of their respective Department Budgets and are required to submit requests for any required budget adjustments, such as supplemental appropriations, to the County Administrator and Board before the program incurs cost overruns for the annual budget period.

Primary responsibility for the management of budgeted funds lies with the Department Heads. Such management includes, but is not limited to, reviewing expenditures before authorization, reviewing monthly financial reports to detect errors and assess progress, and staying within expense or expenditure budget authorization. All costs incurred must be reasonable and necessary. Department Heads shall be responsible for contacting County Administrator should there be any questions regarding financial management or if the issue or concern is related to internal controls. The County Administrator will routinely monitor overall budget operating progress throughout the year.

- The County will not change standard accounting practices to balance the budget for any fund.
- The County will provide ample time and opportunity for public input into its budget deliberations each year.
- The County Board may make transfer of appropriations within a fund or organizational code. The County Board may transfer part or all of any unencumbered appropriation balance among programs within a fund or organizational code. Upon written request by the County Administrator and Auditor/Treasurer, the County Board may transfer, by resolution, part or all of any unencumbered appropriation balance from one fund or organizational code to another.
- County Board approval is required for budget changes that reduce the amount of an appropriation. The budget changes can be made at any County Board meeting.
- Annual reports to encumber current year funds must be made to the County Board. Encumbrance requests must be submitted on a prescribed form and have the available current year funds remaining in their budget roll-up. The County Board must approve all encumbrances for Departments to carry over into the following year. These approved encumbrances will be treated as accounts payable, on the general ledger at year end, as the County does not allow unused budgets to carry-over into the following year.
- The modified accrual basis will be used for all government funds in the budget. Under this basis, revenues are recognized in the accounting period as they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. The accrual basis will be used for the budgets of the enterprise funds in the operating budget. Under this basis, revenues are recognized in the accounting period that they are earned and measurable. Expenses are recognized in the accounting period they

are incurred, if measurable. The basis of budgeting is the same as the basis of accounting used in the County's audited financial statements.

The County will establish and maintain the highest standards of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP) and with recommended best practices as promulgated by the Government Finance Officers Association (GFOA).

The County will arrange for an annual audit of all funds and account types by independent certified public accountants qualified and licensed to issue such reports.

The County will strive to obtain each year the annual GFOA Certificate of Achievement for Excellence in Financial Reporting.

Quarterly reports will present a summary of financial activity by major type of funds as compared to budget. Department Heads will review quarterly reports comparing actual revenues and expenditures to the budgeted amounts.

# Capital Assets

Adopted January 2, 2024

## Overview

Le Sueur County is required to implement the accounting and financial reporting requirements for capital assets, including infrastructure and depreciation with Government Accounting Standards Board (GASB) Statement No.34. This policy will establish the capitalization thresholds, useful lives of its capital assets, and determine the procedures for the recording of capital assets.

## Procedures

Capital assets should be recorded and reported at their historical cost, which includes the purchase price (plus the value of any trade-in), sales tax, initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs include ancillary charges such as freight and transportation charges, site preparation cost and professional fees.

Donated capital assets should be reported at fair value at the time of acquisition plus ancillary charges, if any. Fair value is the amount at which an asset could be exchanged in a current transaction between willing parties.

Capital asset improvement costs are capitalized if the cost exceeds the capitalization thresholds, and either extends the useful life, increases the capacity, or improves the efficiency of an asset. Otherwise, the cost should be recorded as a repair/maintenance expense.

The threshold for capitalization of assets shall be \$5,000.00 or more, with the exception of electronic data processing equipment that will be recorded regardless of the cost. Another exception is when individual asset items are less than the capitalization limit, but when all assets of that group are added together and the dollar amount far exceeds the capitalization limit. These groups of assets should be capitalized and depreciated. Examples include but are not limited to: a workstation that includes a desk, chair, partition, etc.

Leased equipment should be capitalized if the lease agreement meets any one of the following criteria:

- The lease transfers ownership of the property to the lessee by the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is equal to 75% or more of the estimated economic life of the leased property.
- The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased property.



<b>CAPITAL ASSET TYPE</b>	<b>TRACKING &amp; INVENTORY</b>	<b>CAPITALIZE AND DEPRECIATE FOR FINANCIAL REPORTING</b>
Land	\$1	Capitalize Only
Land Improvements	\$1	\$25,000
Building & Bldg Improve	\$1	\$25,000
Construction in Progress	\$1	Capitalize Only
Machinery, Equipment, Vehicles	\$1,000	\$5,000
Infrastructure	\$25,000	\$50,000
Intangible Assets	\$500,000	\$500,000

### Depreciation Guidelines

Capital assets will be depreciated individually over their estimated useful lives unless they are inexhaustible. All depreciation assets will be depreciated using the straight-line method. At the end of the asset's estimated life, the salvage value will remain. In general, the amount of annual depreciation is determined by dividing asset's depreciable cost by its estimated life. The total amount depreciated can never exceed the asset's historic cost less salvage value. Some types of capital assets are more likely to have salvage values, such as vehicles or construction equipment that tend to have trade-in value.

The County will be using the full-month convention in order to avoid the complication of depreciating each asset from the specific date on which it was placed in service. Under the full-month convention, property placed in service at any time during a given month is treated as if it had been placed in service on the first day of the month. This allows depreciation to be taken for the entire month in which the asset is placed in service. If the property is disposed of before the end of the estimated useful life, no depreciation is allowed for the month of disposition.

The useful life of depreciable assets is based on their usefulness to the County. The following displays the estimated useful life that will be used to allocate depreciation:

<b>ASSET TYPE</b>	<b>EXAMPLES</b>	<b>DEPRECIABLE LIFE IN YEARS</b>
Furniture, office equipment	Desks, tables, chairs	5
Computer Hardware	Monitors, CPU, printer	5
Telephone Equipment		10
Motor Vehicles	Cars, light trucks	5
Buildings-Temporary	T-buildings, portables	25
Buildings		40
HVAC Systems	Air-conditioners, heating	20
Roofing		20
Carpet replacement		7
Electrical/plumbing		30
Kitchen equipment	Appliances	12
Heavy Construction Equipment	Backhoes, Trucks, Dozers, front-end loaders,	5-10

Engineering, scientific equipment	Lab equipment	10
Firefighting equipment	Ladder, hoses, sprinkler systems, fire extinguishers	10
Police special equipment		5
Medical equipment		10

The following comes from the Minnesota Department of Transportation (MNDOT), it displays the state aid accounting manual fixed asset's useful life.

<b>TYPE OF EQUIPMENT</b>	<b>DEPRECIATION YEARS</b>	<b>TYPE OF EQUIPMENT</b>	<b>DEPRECIATION YEARS</b>
Air Compressor-truck mounted	7	Mower-Rotary, disc or sickle	4
Air Compressor-Wheel mounted	7	Mud-Jack	6
Air Tools	5	Pavement Breaker	8
Automobile. Pickup, 1 Ton, Vans	5	Paver, Bituminous	10
Batcher, Measuring	6	Paint Spray Outfit	8
Batcher, Weighing	5	Hammer, Pile	10
Bin, Aggregate	10	Hammer, Sheeting	7
Blower, Portable	5	Pump, Asphalt	6
Bucket, Clam or Dragline	6	Pump, Water	6
Bulldozer, Tractor Attachment	7	Road Mixer, Pug Mill Type	8
Chippers	8	Road Mixer, Digging Rotor	6
Concrete Saw	4	Road Roller	10
Conveyor, Belt, on Wheels	5	Roller, Pneumatic	10
Crack Filling Machine	5	Roller, Sheepsfoot	10
Crane, Crawler	12	Roller, Trench	10
Crane, Truck-Mounted	12	Rooter or Ripper, Heavy	8
Crusher, Rock, Portable	8	Scarifier, Rotary	5
Crushing & Screening Plant	8	Scraper, Self-Propelled	12
Cultivator, Motor-Driven	5	Scraper, Dawn	7

Distributor, Bitumen	10	Screen, Vibrating	8
Drill, Core	7	Screening & Leading Plant	8
Drill, Drifter	5	Seed Gathering Machine	4
Drill, Wagon	7	Shouldering	10
Dryer, Aggregate	8	Shovel, Crawler	10
Elevator, Aggregate	8	Shovel, Truck-mounted	10
Engine, Gas or Diesel	7	Snowplow, One-Way	10
Excavator, Telescoping Boom	10	Snowplow, Rotary	10
Finishing Machine, Concrete	5	Snowplow, V	10
Generator, Elec. Diesel or Gas	7	Spraying Machine, Insect	5
Gradation Control Unit	8	Spreader, Self-Propelled sand/Chip	5
Grader, Motor	12	Spreader, Drawn or Attached	6
Grader, Pull	8	Sprinkler, Water, Truck Mounted	7
Heater, Aggregate, Revolving	8	Steamers	8
Heater, Bitumen, Kettle	8	Subgrade Finisher	4
Heater, Tank Car	8	Sweeper, Rotary	10
Hoist, Bucket, Truck-Mounted	5	Tank, Bitumen, Storage	10
Hoist, Drum, with Power	7	Tank, Bitumen, Wheel-Mounted	10
Joint Cleaning Machine	4	Tank, Water, Skid-mounted	10
Loader, Belt, Blade Feed	6	Tractor, Crawler	12
Loader, Chain Bucket	6	Tractor, 'Wheel	12
Loader, Scoop, Wheel Tractor	10	Traffic Line Marker	7
Loader, Scoop, Crawler	10	Trailer, House	7
Mower, tractor	7	Trailer, Platform	8
Magnet, Road	5	Trucks, Multi-Use, Dump Trucks	8

Maintainer, Self-Propelled	6	Trucks, Snow use Only	12
Maintainer, Drawn	5	Truck-Tractor, with Semi-Trailer	10
Mixer, Bituminous	7	Vibrator, Pneumatic	5
Mixer, Concrete	7	Wagon, Semi, with Tractor	7
Mixing Plant, Bituminous	8	Washing & Screening plant	8
Mower, Flail	7	Welding Outfit, Electric	

### Disposal of Capital Assets

If a capital asset no longer meets the needs of a particular fund/department, the following procedures will be followed.

- The asset may be traded-in on the purchase of a replacement asset.
- The asset may be transferred to another governmental fund/department within the County.
- The asset may be given to another governmental unit that is a subsidiary of the County (i.e. Le Sueur County Library System or the Le Sueur County Historical Society)
- Assets deemed to have a relative value will be placed for sale on public auction.
- Assets which have little value, where the amount we expect to receive from the sale is less than the value of the time spent to auction the item, will simply be disposed.

Any department disposing of a capital asset shall notify the Auditor-Treasurer's office for removal from the Capital Assets inventory and the County Administrator's office for removal from insurance.

## Capital Improvement Program

Adopted January 2, 2024

As part of the annual operating budgeting process a capital improvement plan is created which identifies short-term and long-term initiatives and reflects all identified capital improvement activity for at least a five-year period and is updated and adopted on an annual basis.

Capital improvements for the upcoming year will be reviewed during Board budget work sessions and be incorporated into the operating budget as deemed appropriate

The County Board adoption of the five-year capital improvement is to assist in planning and provide direction for County departments, but it does not establish permanent County Board commitment to project either in scope or timeline for construction. In the plan, the County will:

- Identify the estimated cost and potential funding sources for each capital project before the proposal is submitted to the Board for approval and in that process will determine the most effective financing method for the proposed project.
- Ensure all capital improvements are in accordance with the adopted capital improvement program, or as it is amended by the Board. Capital purchases, not otherwise funded through an approved budget, shall require County Board approval.
- Enact a five-year capital improvement program based on a rolling multi-year capital improvement plan update.
- Coordinate development of the capital improvement budget with the development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
- Use inter-governmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and County priorities and ensure operating and maintenance costs have been included in operating budget forecasts.
- Maintain all assets at a level adequate to protect the County's and its citizens' capital investment and to minimize future maintenance and replacement costs.
- Identify projects that require bonding that are included in the Capital Improvement Plan

## Code of Ethics/Conflict of Interest Policy

Adopted January 2, 2024

*This policy is taken directly from the Le Sueur County Personnel Policy, adopted December 12, 2023.*

### Purpose:

This Policy establishes guidelines for ethical standards of conduct, which shall govern county employees in the performance of county business and the duties of their respective jobs. These guidelines are intended to provide positive direction to employees in order to prevent potential conflicts of interest. Violation of this Policy, including violation of any law referenced in this Policy, may result in discipline, up to and including immediate termination.

### Other Statutes and Rules:

Certain statutes and rules cover prohibited activities of public employees. These include, but are not limited to: a) Minnesota Statutes §10A.07 (Conflicts of Interest); b) Minnesota Statutes §10A.08 (Representation Disclosure); c) Minnesota Statutes §15.054 (Public Employees Not to Purchase Merchandise from Government Agencies; Exceptions; Penalty); d) Minnesota Statutes §15.435 (Airline Travel Credit); e) Minnesota Statutes §382.18 (Officials Not to Be Interested in Contracts); f) Minnesota Statutes §471.895 (Certain Gifts by Interested Persons Prohibited); h) Minnesota Statutes §609.43 (Misconduct of Public Officer or Employee); l) Minnesota Statutes §645.241 (Punishment for Prohibited Acts); j) Minnesota Rules, part 9575.0080 (Political Activity) and k) Minnesota Rules, part 9575.1270 (Prohibition Against Other Employment).

Employees are required to comply with any applicable statute or rule.

*Note: Nothing in this policy shall be interpreted to apply to activity which is protected by the Public Employee Labor Relations Act, Minnesota Statutes §§179A.01 to 179.25 and collective bargaining agreements and practices there under.*

### Definitions:

*Anything of Value* - Money, real or personal property, a permit or license, a favor, a service, forgiveness of a loan or promise of future employment. It does not mean reasonable compensation or expenses paid to an employee by the County for work performed.

*Business* - Any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, or any other legal entity that engages in either non-profit or profit making activities.

*Confidential Information* - Any information obtained under government authority which has not become part of the body of public information and which, if released prematurely or in non-summary form, may provide unfair economic advantage of adversely affect the competitive position of an individual or a business. All information collected by any employee acting in his or her official capacity is subject to the provisions of the Minnesota Government Data Practices Act ("MGDPA").

*Conflict of Interest* - An employee's private self-interest, financial, or material interest that is incompatible with independence of judgment or action in the performance of official duties.

*Nominal Value* - Having value in "in name only" with minimal or no retail or market value.

*Outside Employment* - Any employment or contractual relationship for which pay or other direct or indirect compensation is received from a source other than the County.

*Own Time* - An employee's time outside of County work hours including the time before or after County work hours each day, approved compensatory time off, annual leave, holidays not otherwise assigned as work days, and leave without pay.

*Perception of a Conflict of Interest* - A situation, which reasonably appears to others to be a conflict of interest although the situation in and of itself may not necessarily be a conflict of interest.

*Private Interest* - Any interest including, but not limited to, a financial interest, which pertains to a person or business whereby the person or business would gain a benefit, privilege, exemption or advantage from the action of the county employee that is not available to the general public.

#### Statement of Policy:

No employee shall engage in any act, which is in conflict, or creates an appearance of impropriety or conflict with the performance of official duties. When an employee believes the potential for a conflict of interest exists, it is the employee's responsibility to avoid the situation. Employees must notify their supervisor if a conflict of interest or perception of a conflict of interest situation exists or may exist. Employees who knowingly fail to avoid or disclose a potential, perceived, or actual conflict of interest situation may be subject to disciplinary action, up to and including immediate termination, in addition to any criminal penalty that may be involved.

#### General Standards of Conduct:

Acceptance of Gifts or Favors. An employee shall not directly or indirectly receive or agree to receive any compensation, gift, reward, gratuity, payment of expense, or promise of future employment or other future benefit from any source except the County, for any matter or proceeding connected with or related to the duties of the employee, except for the following:

gifts of nominal value;

plaques or similar mementos recognizing individual services in a field of specialty or to a charitable cause;

reimbursement of actual expenses incurred for lodging, mileage, meals, and other travel related expenses that are not reimbursed by the County but which have been approved in advance by the employee's supervisor as part of the work assignment. This includes food or refreshment provided at a meeting, conference, or other event as a normal courtesy to all attendees incidental to the performance of official duty;

honoraria or expenses paid for papers, talks, demonstrations, or appearances made by employees on their own time for which they are not compensated by the County.

**Use of Confidential Information.** An employee shall not use confidential information to further the employee's private interest, and shall not accept outside employment or involvement in a business or activity that will require the employee to disclose or use confidential information. Employees shall not disclose any data created, received, or maintained in the scope of their official County duties, except as permitted by the MGDPA.

**Use of Property.** An employee shall not use or allow the use of County time, supplies, or county owned or leased property or equipment for the employee's private interest or any other use not in the interest of the County, except as provided by law.

**Private Gain or Advantage.** An employee may not use for private gain or advantage County time, facilities, equipment, supplies, badge, uniform, or prestige or influence of County office or employment.

An employee may not use the employee's official position to secure personal benefits, privileges, exemptions, or advantages, which are different from those available to the general public. Employees shall not use their official position to secure benefits, privileges, exemptions, or advantages which are different from those available to the general public for members of their families, their friends, or an organization with which the employee is associated.

An employee shall not have financial interest in any sale to the County of any property, goods, or services when such financial interest was received with prior knowledge that the County intended to purchase the property, goods, or services.

An employee shall not participate in the capacity of a County employee, in the issuing of a purchase order or contract in which the employee has a private financial interest, direct or indirect, nor shall an employee perform, in regard to such contract, any function requiring the exercise of discretion on behalf of the County.

An employee may not have a personal or financial interest in any legislation, policy, or rule coming before the County Board and/or participate in a discussion with or give an official opinion to the County Board regarding such legislation, policy, or rule, unless the employee discloses on the record of the Board the nature and extent of such interest.

#### **Additional Payment for County Work:**

An employee may not request, receive, or accept any money or anything of value from anyone other than the County for the performance of an act, which the employee would be required or expected to perform in the regular course of hours of county employment or as part of the duties as a County employee.



### Acting as Agent or Attorney:

An employee shall not take action as an agent or attorney in any action or matter pending before the County Board except in the proper discharge of official duties or on the employee's own behalf or as the duly authorized agency (e.g., steward, local officer) of the employee's exclusive representative.

### Outside Employment:

An employee may not engage in, accept employment from, or render services for any compensation or consideration having monetary value when such employment or service is incompatible with the proper discharge of official duties or would tend to impair independence of judgment or action in performance of official duties. An employee's outside employment may not compromise the County's interest or adversely affect the employee's job performance or ability to fulfill all the responsibilities to the County. An employee's outside employment cannot be used as an excuse for substandard job performance, absenteeism, tardiness, leaving early, refusal to travel, or to work overtime or different hours.

While employed by the County, the employee shall not have outside employment in a business, which is subject to the direct or indirect control, inspection, review, audit, or enforcement by the employee. The employee shall not perform an act in other than his/her official capacity, which may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement by the employee.

An employee may not solicit customers or business for any business or other organization, however organized, while on County time or in relation to his/her County duties. This includes verbal solicitations, advertising solicitations, business card distribution, or advertising or soliciting on e-mail or County internet connections.

All new hires will complete an Employee Notification of Outside Employment Activities form. The information will be submitted to the Department Head for review and a copy will be filed in the employee's personnel file. When current employees acquire outside employment, they will complete an Employee Notification of Outside Employment Activities form and submit it to the Department Head for review. A copy will be filed in the employee's personnel file.

### Political Activity:

County employees' political activity may be subject to state and federal laws including, but not limited to, the federal Hatch Act, Minnesota Rules part 9575.0080, and all amendments thereto. County employees have the right to express their views and to pursue legitimate involvement in the political system. However, no County employee will directly or indirectly, during hours of employment, solicit or receive funds for political purposes. Further, any political activity in the workplace must be pre-approved by the County to avoid any conflict of interest or perception of bias such as using authority or political influence to compel another employee to apply for or become a member in a political organization.

### Conflict of Interest:

It is the employee's responsibility to avoid situations in which a conflict of interest or a perception of a conflict of interest exists. The employee should seek the advice of his or her supervisor in determination of whether a conflict or perception of a conflict of interest exists.

If an actual or possible conflict of interest situation exists or if the perception of a conflict of interest exists, the employee must immediately inform his or her supervisor or department head.

It is the responsibility of the employee's supervisor or department head to review or investigate the situation and to inform the County Administrator.

If the employee and supervisor are unable to find a way to avoid the conflict of interest, or are uncertain as to whether a situation actually is a conflict of interest, the matter shall be referred to the Personnel-Executive Committee. The Committee shall be responsible for recommending resolution of the matter to the County Board. The Board shall make the final determination for resolution of the matter with possible review by the County Attorney's Office.

### Violation of Policy:

An employee determined to be in violation of this policy shall be subject to disciplinary action, per the provisions of applicable labor agreements and/or County policies.

# Compensated Absences

Adopted January 2, 2024

The County policy on Sick Leave is to compensate employees for unused sick leave upon retirement (or death), the Termination Payment Method will be used for calculating and reporting the full accrual liability for unused sick leave. The percentage of unused sick leave booked and reported is estimated based on the County's past payment experience. Sick leave (and other compensated absences with similar characteristics) is accrued as a liability based on the above at the date of the financial statement.

# County Issued Credit Card Policy

Adopted January 2, 2024

## Policy Statement

It is the policy of Le Sueur County to provide an effective and efficient tool for Commissioners and selected County employees to requisition, purchase and pay for goods and services used within the scope of their employment. This policy applies to all users approved by the Le Sueur County Board of Commissioners to do Le Sueur County business using a credit card issued in the County's name.

This policy ensures internal controls for authorized credit, ensures that Le Sueur County bears no legal liability from inappropriate use, provides a convenient credit method, minimizes the number of credit cards issued and empowers employees to increase productivity, flexibility, and efficiency.

## Statutory Authority

A county board may authorize the use of a credit card by any county officer otherwise authorized to make a purchase on behalf of the county. If a county officer or employee makes a purchase by credit card that is not approved by the county board, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or county policy applicable to county purchases.

## Authorization

A Supervisor/Department Head, requesting a County issued credit card shall contact Human Resources for the Credit Card Policy, Credit Card User Agreement, and Credit Card Request Form. The Credit Card User Agreement and Credit Card Request Form shall be submit to the County Auditor/Treasurer for Board approval. County Board approval is necessary for any employee to obtain a County issued credit card. A copy of the credit card user agreement shall be kept in the employee's personnel file.

The Auditor/Treasurer will process the approved request, distribute the card(s) and maintain a credit card inventory list.

A Department Head/Supervisor may, at any time and without notice to the employee, cancel credit card use authorization for any of his/her employees. The Board of Commissioners reserves the right to cancel any individual cardholder privileges at any time. The Auditor/Treasurer is authorized to cancel individual cardholders upon resignation or termination from Le Sueur County employment.

On an annual basis, or as needed/requested, the Auditor/Treasurer will conduct a physical inventory of all County issued credit cards and report to the Board of Commissioners. Each cardholder will be required to physically produce their card.

### County Issued Credit Card Account Limit

- a. County Board of Commissioners - \$5,000.00
- b. County Department Heads - \$5,000.00
- c. County Employees - \$5,000.00

The County Board of Commissioners will approve all account limits. Any purchase exceeding the cardholder limit will not be allowed on the County issued credit card. If an employee has a one-time

expenditure over \$5,000 that needs to be purchased via credit card, the Department Head shall contact the Auditor-Treasurer.

### Uses of a County Issued Credit Card

County issued credit cards are to be used only for conducting officially approved County business. Under no circumstances are they to be used for personal reasons. If a county credit card is inadvertently used for personal or ineligible expenses, the employee shall reimburse the County with personal funds.

Eligible - The credit card may be used for:

- i. Guarantee rooms for conferences and/or meeting attendance.
- ii. Purchase lodging expenses during overnight stays while attending authorized meetings or training sessions.
- iii. Purchase supplies and/or materials when purchase of items by credit card is more time and cost efficient than if purchased by a county warrant.
- iv. Purchase gasoline only when using a county-owned vehicle.
- v. Purchase auto repair expenses for county-owned vehicles.
- vi. Purchase expenses for a rental car.
- vii. Purchase gasoline only when using a rental car.

Ineligible – The credit card may not be used for:

- viii. Personal purchases. Absolutely no personal use of the card is allowed.
  1. Any personal purchases will be paid by the employee
- ix. Meal allowance and/or gratuities.
- x. Gasoline for any personal vehicle.
- xi. Cash advances.
- xii. Alcoholic beverages.

### Procedure for use of County Issued Credit Card

Each cardholder is responsible to obtain an itemized proof of purchase for credit card use. This documentation must be submitted with the monthly billing statement to the department head immediately upon receipt of statement. If no documentation is produced to verify a purchase, the cardholder must immediately reimburse the County for the purchase amount.

Each department head will reconcile the monthly statement on the monthly reconciliation report and submit all original itemized receipts and the billing statement to the County Auditor/Treasurer on or before the 9<sup>th</sup> of each month to allow for processing Commissioner's warrants.

Le Sueur County will not be responsible for late fees or service charges due to the incomplete submission of records to the County Auditor/Treasurers' office. The department head and employee will be personally responsible if any such fees appear on the bill. Late fees or service charges will be paid by the employee with their personal check. Having more than three recurring late fees or service charges could result in the loss of the credit card.

### Credit Card Usage Policy for Department of Human Services

Credit cards for the purchase of personal needs items for clients in need shall be issued for use within the Le Sueur County Department of Human Services.

Credit Cards for case manager use shall be distributed per the sign out log for each card. The credit card and its purchases are the responsibility of the signed user of the corresponding card. When not in use the credit cards will be stored with the sign out log and kept in the office of the account clerk.

Receipts for the purchases of supplies shall be presented to the accounting staff immediately upon return of the employee to the Courthouse. The respective accounting personnel will maintain ongoing files of all authorized credit card purchases for the purpose of paying statements.

All Statements received from the credit card company will be compared to the individual purchase receipts. After all receipts are verified, prompt payment of these statements will be processed to avoid interest and late penalties.

#### Lost or stolen County Issued Credit Cards

If a County issued credit card is lost or stolen, it is the responsibility of the card holder to notify his/her department head and the Auditor/Treasurer immediately.

#### Disputed Charges

All billing statement must be carefully reviewed upon receipt to detect any questionable charges that may occur. It is the responsibility of the card holder to notify his/her department and the Auditor/Treasurer immediately if there is an unauthorized charge appearing on the billing statement. Credit card companies are not required to investigate a dispute if they are notified more than 60 days after the charge first appears on the statement.

#### Penalty for misuse of County Issued Credit Card

Any deviation from this policy may be grounds for discipline up to and including termination of employment from Le Sueur County.

#### One-time increase on Credit Limit

In the event of a one-time increase, the card holder must contact their department head regarding the exceeding amount for approval. Department heads will contact the Auditor-Treasurer to extend the credit limit for the purchase.

## Credit Card Payment Policy

Adopted January 2, 2024

Le Sueur County provides the opportunity for payment of County real estate taxes and other certain types of fees to be made by credit card. Our goal is the security of our customer's data in the processing of these types of payments.

### Policy/Process/Procedure

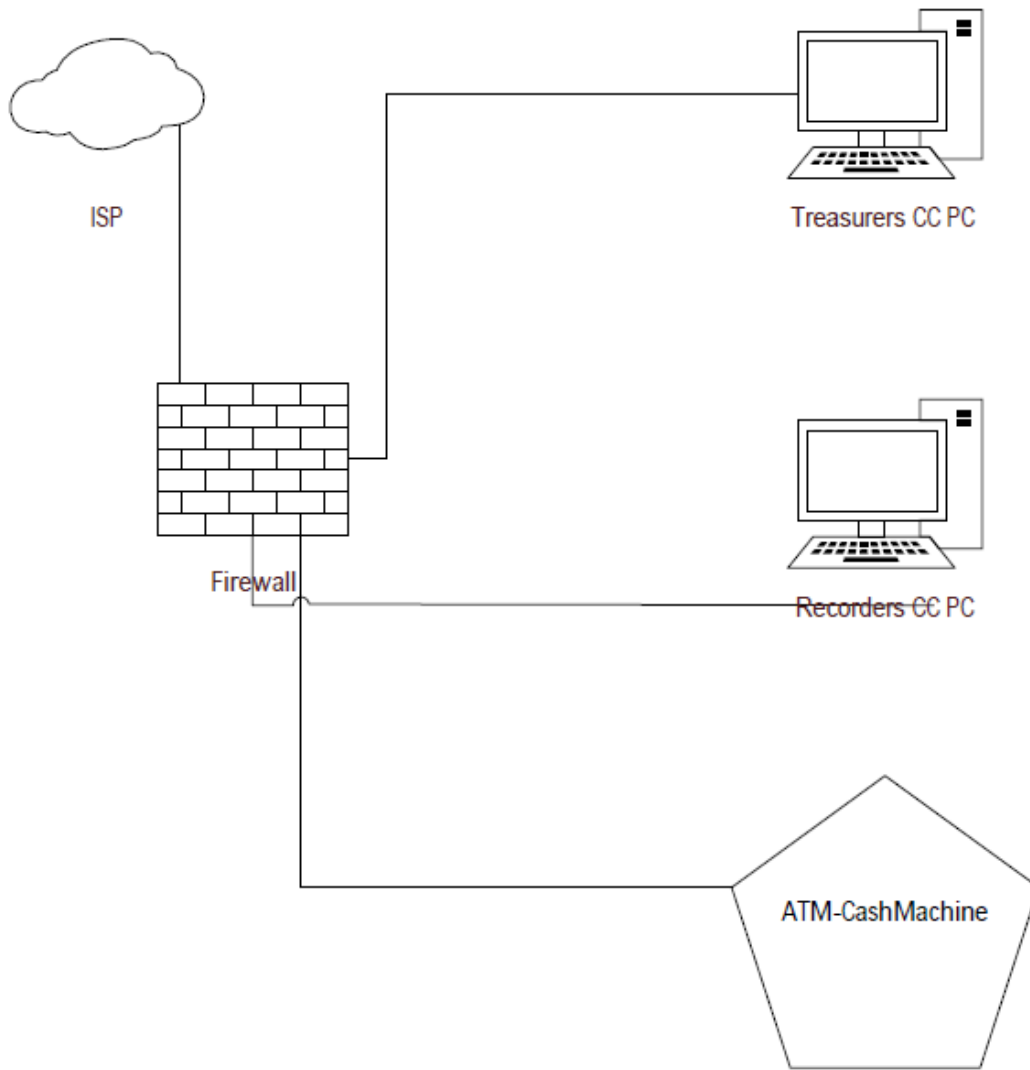
In accordance with MN State Statute 276.02, County Treasurers may accept credit cards as a form of payment. Payments are accepted over the counter, by phone or by accessing the payment processing website. All workstation computers that are used for processing credit cards reside on their own private local area network. The only items on this local area network are workstation computers and printers used for processing credit cards. This local area network is connected directly to a firewall which prevents access to this local area network. This firewall also limits the reachable internet destinations to those needed for processing credit cards and security updates.

Transaction costs will be the responsibility of the customer, when possible. No credit card numbers are stored by Le Sueur County.

Credit Card processing sites are only accessed via a workstation computer in each office. Point & Pay is blocked by County policy on all workstation computers except those residing in the above-described private local area network. Employees sign in to the processing website and enter the cardholder information via keyboard to process the transaction. Two receipts will be printed. One copy will be signed and retained by the County and the other will go to the payer. All receipts and reports with payment information will be retained in the office for reconciliation with the County's bank account.

The County Auditor-Treasurer shall establish and administer contracts with payment vendors for all electronic payments. The reviewing of payment vendor contract terms and PCI (payment card industry) compliance shall be done annually. Questions regarding policy & processes should be directed to the Auditor-Treasurer office.

# Credit Card Network





## Debt Management Policy

Adopted January 2, 2024

The debt management policy defines the role of debt in the County's total financial strategy to avoid using debt in a manner that weakens the County's overall financial condition, establishes limits on the amount of County debt which will allow for management debt service costs and maintains the best possible credit rating. It is the goal of the county to maintain at least an AA bond rating.

The County has established the following guidelines for the borrowing of funds:

- The County will confine long-term borrowing to capital improvements, equipment or projects that have a life of more than five years and cannot be financed from current revenues.
- The County will strive to keep the total maturity length of general obligation bonds below 20 years. In all cases, the maturity shall be shorter than the life of the related assets.
- The Auditor-Treasurer may recommend the issuance of revenue general obligation bonds if the County intends to pledge the revenue of a particular fund.
- The County, when possible, will use special assessment revenue (including G.O. backed revenue) or other self-supporting bonds instead of general obligation bonds.
- The County will strive to keep the direct debt per capita and direct debt as a percent of estimated market value at or below the median set out by the credit rating agencies.
- Total general obligation debt will not exceed the statutory limit of three percent of the estimated Full Market Value of taxable property in the County as required by Minnesota State Statute.
- The County will not use long-term debt for non-capital expenditures.
- The County will maintain frequent and regular communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus. The County will comply with Securities Exchange Commission (SEC) reporting requirements.
- The County will comply with IRS regulations concerning use of, and reinvestment of, bond proceeds. The County will monitor potential arbitrage earnings. If arbitrage earnings are believed to be above amounts provided by IRS regulations, the County will set aside funds to pay the appropriate amount as required.
- Refinancing or bond refunding will only be undertaken when there is significant economic advantage to the County, and when it does not conflict with other fiscal or credit policies.
- Interfund borrowing shall have a reasonable repayment schedule and be approved by County Board resolution. Refer to the Interfund Loan Policy.
- The maintenance of the minimum AA board credit rating shall be a major factor in all financial decisions. For the purposes of issuing debt, bond rating categories shall be used as a means of assessing the County's financial condition.

- The County shall work with an independent, professional bond advisor on all municipal debt transactions.

## Disbursements Policy

Adopted January 2, 2024

### Purpose:

The purpose of the Disbursement Policy is to create guidelines, rules, and procedures in order to unify and increase efficiencies in the County's disbursement process. This policy will guide how the County requires Claims against the County to be handled. The policy will also describe each claim type as well as procedures for each. This policy also incorporates procedures for issuing duplicate warrants, wire transfers, Automatic Clearing House (ACH) transactions, and Electronic Funds Transfers (EFT).

### Claims Handling Policy:

Claims against the County fall into two categories: Auditor and Commissioner.

- **AUDITOR CLAIMS** – are paid by delegation to the Auditor-Treasurer set by the County Board in January. Auditor Claims are paid every Friday. Auditor Claims usually consist of the following but are not limited to: construction contracts, contract workers, court related claims, utility billings, tax settlements, specific insurance payments, debt service payments, and other special situations. Most other claims are classified as Commissioner Claims.
- **COMMISSIONER CLAIMS** – must be approved by the County Board of Commissioners prior to payment. These claims are paid the Friday following the County Board meeting (or next business day). County Board meetings are usually held on the first, third and fourth Tuesday of the month.

### ALL OF THE ABOVE CLAIMS MUST ADHERE TO THE FOLLOWING PROCESS:

1. Department heads are responsible for the proper payment of bill requests/invoices and for ensuring that expenditures represent *actual* obligations that have been incurred by their respective departments.
2. Department heads are required to authorize payments by signing *each* County Claim Form on the appropriate line.
3. The department heads may delegate authority to a specific employee(s) (designee(s)) to act on their behalf in requesting payment. Also, each employee/designee must initial next to the department head's signature indicating they have signed for their respective department head.
4. The *original* invoice(s) must be attached to the County Claim Form and be submitted to the County Auditor-Treasurer or Human Services Office for processing and payment preparation.
5. County Warrants will *not* be pre-numbered, a Warrant written to cash is prohibited, and no pre-signed Warrants will be issued.

6. Prepayment for services is not recommended unless prepayment results in a cost savings to the County.
7. All vendors are required to have a signed W9 on file with the County Auditor-Treasurer before payment will be issued. \*\*However, some vendors are granted an exception for example, tax exempt agencies, i.e. local governments, one-time vendors etc.
8. Department Heads should follow the chart found in the Purchasing Policy to determine whether County Administrator or County Board approval is required prior to payment.
9. Le Sueur County is tax exempt and is required to pay sales and use tax only on specific purchases. The Auditor-Treasurer's Office will be responsible for compiling and filing the Sales and Use Tax form with the State of Minnesota. Vendors charging sales tax above the current Minnesota rate will only be paid by the current Minnesota Sales Tax Rate. If a vendor did not charge the current Minnesota Sales Tax Rate, it is the responsibility of the County Auditor-Treasurer or Human Services Offices to either notify the vendor of the error or code each claim (on applicable claims) indicating it will be paid as a "Use Tax" at the end of each month. For more information see the Minnesota Sales Tax guidelines. *Exceptions apply to tax exempt purchases and organizations.*
10. The Le Sueur County Auditor-Treasurer's Office will prepare for mailing, print, sign, and disburse all County Warrants, with the exception of Human Services warrants which are printed by the Human Services accounting team. The Auditor-Treasurer's Office will also maintain the checking printing/electronic signature software.
11. Commissioner and Auditor Warrants will have the County Administrator and County Auditor-Treasurer signatures on the face of the Warrant.
12. All processed claims are scanned into Application Extender by the County Auditor-Treasurer's Office, with the exception of Human Services claims. These scanned claims retain their Data Privacy classification. All physical Claims are retained on file until after the annual audit is complete then they are disposed of. Scanned claims are kept for the required retention period of 7 years from the date of payment.
13. The Auditor-Treasurer's Office will ensure the use of a uniform account coding system using COFARS guidelines. The County Auditor-Treasurer's Office reserves the right to verify, change account coding, request additional information, or reject any claim in order to conform to the COFARS, GAAP, and other accounting guidelines. The Auditor-Treasurer's Office will notify and consult with the respective department about changes and recommendations.
14. When a County holiday falls on a Friday, Commissioner Claims and Auditor Claims will be paid on the preceding working day before the holiday. Payroll will be paid the working day before the County holiday.
15. Late payment fees or finance charges will be coded to the appropriate department, and it will be their responsibility to seek a refund.

16. Le Sueur County pays all vendors on *Net 35* terms unless the vendor has made special contractual/payment term arrangements with Le Sueur County.

#### Issuing Duplicate Outstanding Warrants Policy:

1. When any Warrant of the county becomes lost or destroyed, a duplicate must be issued by the County Auditor-Treasurer. The duplicate shall correspond in Warrant sequence/number, date, and amount with the original Warrant and shall have endorsed on its face by the County Auditor-Treasurer, the word "Duplicate" together with the date of its issuance. Human Services will work in conjunction with the Auditor-Treasurer when issuing duplicate warrants.
2. A duplicate for a lost or destroyed Warrant shall not be issued until there has been filed a stop-pay request at the bank the check has been written from.
3. The County Auditor-Treasurer shall keep for a period of 20 years a record showing the Warrant sequence number, dates and amounts of such Warrants together with the date of issuance of the duplicate therefore, and the names of the persons/entities to whom issued. All other supporting documentation will be discarded according to retention schedule.
4. On an ongoing basis, the County Auditor-Treasurer, or designated deputy, shall search the outstanding Warrants of the County and will notify all persons who have an outstanding Warrant nearing six months old to determine if the warrant has been lost.

#### Wire Transfers, ACH, and Electronic Funds Transfer Policy:

The County Auditor-Treasurer and staff are authorized to make wire transfers, ACH payments or electronic funds transfers. The County Payroll Coordinator will authorize direct deposit payments through the County Payroll system. ACH payments shall only be made to select and trusted vendors.

1. For electronic payments made to the State of Minnesota, initiated through the State of Minnesota website where the funds are then "pulled" by the State on the appropriate date, all departments requesting an electronic fund transfer must fill out the appropriate request and deliver to the County Auditor-Treasurer seven (7) days before the transfer date.
2. All other disbursements by the county are currently paid by physical check.

#### Claims Handling Procedures:

1. Auditor Claims: \*
  - a) Each department head or designee(s) is responsible for preparing the County Claim Form for each claim against the county. The form must include and follow the same steps as the Commissioner Claims (refer to Commissioner Claim Procedure-Item C below).
  - b) Auditor Claims are paid every Friday and are due to the County Auditor-Treasurer's Office the Thursday before the Friday pay date and no later than 12:00 p.m.

- c) A report of the claims paid is available to the County Board at any time in the Auditor-Treasurer office.

### 3. Commissioner Claims: \*

- a) Each department head or designee(s) is responsible for preparing a County Claim Form for each claim against the county. The form should include the following information:
  - a. Date claim will be paid
  - b. Proper marking of claim type (Commissioner or Auditor)
  - c. Vendor number and name
  - d. Complete mailing address
  - e. Proper account coding
  - f. Specific description of claim (using standard descriptions used in the past)
  - g. Invoice number
  - h. Service dates (if applicable)
  - i. Invoice amount
  - j. Claimant signature (*when applicable, when Claimant receives payment*)
  - k. Department head signature on all claims
- b) Department head can designate an employee(s)/designee(s) to sign on their behalf, the employee(s)/designee(s) must initial next to the department head's name when signing on their behalf.
  - a. Department heads or designee(s) are responsible for ensuring that the claimant's signature (*when applicable*) is on the claim, as well as, the department head signature are on the appropriate line.
  - b. Due diligence will be taken by claim preparers to ensure that claims/invoices have not been previously paid prior to submission pursuant to M.S. 471.38.
- c) If a department head codes a claim form for another department, they must obtain authorization by getting the initials or original signature of that department head on the claim form prior to submission.
- d) All proper documentation, including invoices supporting each claim, must be attached to the claim form. Without proper documentation, claims will be rejected for payment and returned to the respective department(s) for correction.
- e) Non-county employees serving on committees may report their per diem, mileage, and meal claims and must submit their claim within 60 days of incurring the expense.
- f) Commissioner Claims are due in the County Auditor-Treasurer's Office on the Wednesday of the week preceding the Tuesday County Board meeting, and no later than 12:00 p.m. In cases where this is a Holiday, they are due the preceding business day by 12:00 p.m. Commissioner Claims are paid the 1st and 3rd Tuesday of the month.

- g) Data Private Commissioner Claims: Certain claims are private, such as Human Services, HR and Legal. These claims are to be developed and submitted by the respective Department and supporting documentation is to be kept on file.
  
- h) The County Auditor-Treasurer's Office will complete the following when preparing the claims (Auditor, Commissioner) for payment:
  - a. Claim Auditing: To ensure the use of correct account coding, mathematical accuracy, invoice numbers, vendor number, report codes, accurate documentation, and proper signatures are obtained on the claim form. All Highway Claims are audited by the Highway Accountant. All Human Services Claims are audited by the Humans Services accounting team.
  - b. Data Entry: Entering the claim forms into the County financial system using the information from the County Claim Form or from the IFS Voucher Spreadsheet which is uploaded to IFS. All Highway claims will be entered by the Highway Accountant and interfaced to the Auditor-Treasurer's Office. All Human Services claims will be entered by the accounting team.
  - c. Proofing the Audit List: After all Claim Forms have been entered into the County financial system, an Audit List is generated. This list is verified against each Claim Form to ensure proper data entry. All Human Services Claims will be verified by the Human Services accounting team.
  - d. Submitting for Approval: The County Auditor-Treasurer's Office will submit all claims (including Highway) to the County Board of Commissioners who will authorize payment of claims during its regular board meeting. At that time, the audit list is signed by the current County Board Chair and County Attorney. Human Services claims will be submitted to the County Board by the Human Services accounting team.
  - e. Warrant Generation: After the Claims have been approved, warrants will be generated and printed by the County Auditor-Treasurer. All warrants are reconciled against the claims and the warrant number is written on the claims. All claims are verified by the County Auditor-Treasurer's Office before disbursement and posting to the general ledger.

\*\*\*NOTE: Refer to Claims Form Procedure and Guidelines for step-by-step instructions on filling out the Claim Form.

### Payroll Disbursement Policy:

Payroll reimbursements and employee expenses are not approved by the County Board of Commissioners prior to payment. Payroll is paid on a bi-weekly basis and includes, but is not limited to, salaries, separation payouts, sick leave payouts, holiday pay, and employee qualified reimbursable expenses. The reimbursable employee expenses are paid on each payroll.

1. Electronic time sheets must be approved at the department level prior to being processed for payroll. All electronic time sheets will be signed with a dated electronic signature by the employee and the employee's department head or supervisor.
  
2. The County's payroll system and the electronic timecard system will track important information including, but not limited to, time worked, PTO, and overtime.

3. All employees are required to use direct deposit.
4. Payroll stubs are accessible by employees via UKG.
5. Positive Reporting System will be used in payroll coding. Employees should affirmatively attest to the hours or days they have actually worked. This is in contrast to negative reporting systems, where employees report only periods they were absent from work using vacation or sick leave.

### Payroll Time Sheets & Employee Expenses:

1. The employee completes the County Employee electronic time card.
2. The department head or supervisor verifies that employee has signed the electronic time sheet with an electronic signature, completed appropriate time coding using positive reporting, and the totals are correct.
3. All reimbursable employee expenses should be submitted on the Employee's electronic time sheet with any receipts or supporting documents attached to the time sheet. *\*Please refer the Employee Personnel policy for related travel reimbursement procedures.*
4. Reimbursable Employee Expense is defined as authorized payments of supplies, lodging, mileage, and meals.
5. The County Payroll/HR Technician cross-checks electronic time cards, verifies mileage and receipts to expense claims and completes the payroll abstract which is then audited and approved by the County Auditor-Treasurer.
6. The County Payroll/HR Technician imports electronic time and expenses recorded into the payroll software and makes adjustments as necessary.
7. The County HR Technician receives Personnel Action Forms signed by the HR Director for all salary changes.
8. The County Payroll/HR Technician imports the ACH to the County Bank for disbursement of payroll checks. The bank sends a confirmation receipt.

### Month End Disbursements Verification Procedure:

At the end of each month, all County disbursements will be verified by the County Auditor-Treasurer's Office in conjunction with the Finance Director before each month is closed. The Finance Director runs a Cash Trial Balance report generated from the county financial system and compares it with the Treasurer's Trial Balance generated from the Treasurer's Financial System to ensure fund totals are



equal. If there are any discrepancies between the totals, the month cannot be closed until the problem is resolved.

## Electronic Fund Transfer Policy

Adopted January 2, 2024

Minnesota Statute 385.071 states that “Notwithstanding and other law to the contrary, a County may make electronic funds transfers for investment purposes and for all County expenditures. The County Board shall establish policies and procedures for the investment and expenditure transactions via electronic funds transfers”. In addition, Minnesota Statute 471.38, subdivision 3, includes further information as to the nature of claims that may be paid via electronic funds transfer by local governments.

The purpose is to ensure the safety of County funds by controlling the electronic flow of said funds.

### Policies and Procedures

- For security reasons, the County shall limit the use of EFTs to only transactions that involve regular and trusted partners (e.g. State of Minnesota, financial institutions). As a rule, EFTs should not be used to pay vendors.
- The County Board shall annually delegate the authority to make electronic funds transfers to the County Auditor-Treasurer or the Auditor-Treasurer’s designee.
- The disbursing bank shall keep on file a certified copy of the delegation of authority.
- The initiator of the electronic transfer shall be identified.
- The initiator shall document the request and obtain an approval from the County Auditor-Treasurer.
- A written confirmation of the transaction from the disbursing bank shall be made no later than one business day after the transaction and shall be used in lieu of a check or warrant to support the transaction.
- A list of all transactions made by electronic funds transfer shall be submitted to the County Board at its next regular meeting after the transaction, thus giving a second form of approval.

## Expenses

Adopted January 2, 2024

*This policy is taken directly from the Le Sueur County Personnel Policy adopted December 12, 2023*

### Reimbursed Expenses:

Reimbursement for expenses incurred on official County business shall be made as follows:

Payment: All expense requests must be promptly submitted on the appropriate forms upon returning to work. Detailed itemized receipts must be attached to the request forms for all expenses reimbursed. Verified claims submitted by or through County offices shall be itemized and approved and be filed with the County Auditor/Treasurer on the Wednesday before the 1<sup>st</sup> and 3<sup>rd</sup> Tuesday of each month.

Out-of-State Travel: Employees will be reimbursed for the lowest cost of reasonable transportation for out-of-state travel. All out-of-state travel for conferences and training must be pre-approved by the County Board. The reimbursement for meals, when traveling out of state, will be reimbursed up to a maximum of \$75.00 per day, with itemized receipts, including tax.

No board approval is required when traveling out of state in the course and scope of performing the duties of the position.

Parking and Miscellaneous: Parking and other miscellaneous expenses shall be reimbursed at actual cost.

Lodging: Hotel/motel reimbursement shall be the actual cost of lodging.

Training and Seminars: To provide employees an opportunity to learn new skills and gain knowledge to ensure high quality performance, the County will reimburse for the cost of training and seminars, upon approval of the supervisor or department head. When an employee requests to attend specialized training that is not a requirement of the job, and when the County pays the expenses, it must be approved by the Department Head or the County Board. The employee must reimburse the County for those expenses if they leave the County within one (1) year from the date of training.

### County Vehicles:

County vehicles shall be used only in conjunction with performance of County operations and duties. County vehicles are not to be used for private employee travel. An employee operating a county vehicle must possess a valid driver's license. All drivers and passengers of County vehicles must wear their seatbelts pursuant to MS 169.686. Persons operating County vehicles shall not provide rides to hitchhikers. Employees shall use a County Vehicle for all travel within the State of Minnesota except when authorized or instructed to use a personal vehicle. Vehicles taken for any out of state travel must be approved by the County Board prior to departure.

The County prohibits the use of cell phones while driving a County vehicle pursuant to the hands-free law relating to transportation; prohibiting use of cell phones while driving under specified circumstances; Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475.

Employees are required to pull off the road safely and park in a safe location before making or answering a call. This policy does not apply to law enforcement or highway personnel who are covered by a specific departmental communications protocol.

If there is an available county vehicle (per department policy) and an employee chooses to use a personal vehicle, the reimbursement rate shall be a lesser rate as set by the County Board. Mileage and mileage log should be submitted within the "Extra Pays" column in UKG Workforce Management.

## Privately-owned Automobile Reimbursement

*Personal Automobile: Employees shall use a County vehicle for all travel within the State of Minnesota except when authorized or instructed to use a personal vehicle.* The County prohibits the use of cell phones while driving a personal vehicle while conducting County business pursuant to the hands-free law relating to transportation; prohibiting use of cell phones while driving under specified circumstances; Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475.

All drivers and passengers of personal vehicles used for county purposes must wear their seatbelts pursuant to MS 169.686 and must follow all traffic laws. Employees that receive mileage reimbursement are required to have a current driver's license and personal automobile liability insurance. An employee will be reimbursed at the IRS rate of mileage reimbursement for each mile driven on County business within the State of Minnesota while using a personal vehicle and approved by the Department Head. The County shall not be responsible for any damage to the employee's vehicle or any other vehicle if the employee uses a personal vehicle. No advance mileage payments will be allowed. Mileage and mileage log should be submitted within the "Extra Pays" column in UKG Workforce Management.

Employees are responsible for all mileage expenses normally incurred in their travel to and from their residence to their normal work location; the county does not reimburse for expenses related to getting to and from work.

Employees are reimbursed for traveling on official county business with a private automobile at the prevailing rate set by the County Board and the following parameters:

Start and End at Normal Work Site: When traveling from the normal work location to an alternate work site e.g., client, meeting, conference or training), and then returning to the normal work site, the mileage allowance is the actual miles traveled.

Start at home → Alternate Work Site → Normal location: If, at the beginning of the day, an employee is traveling to an alternate worksite (e.g., client, meeting, conference or training), the County will reimburse mileage at the current rate per mile for actual miles incurred from the employee's residence to the alternate work site, or from the normal work site to the alternate work site, whichever is less. At the conclusion of the meeting/training, miles from the alternate work site back to regular work site or to the next alternate site will be reimbursed at the current rate per mile.

Normal work site → Alternate Work site → Home: If, at the end of the day, an employee travels to an alternate worksite (e.g., client, meeting, conference or training) and then travels home, the County will

reimburse mileage at the current rate per mile for actual miles incurred from employee's current location (regular work site, or alternate work site) to the last alternate work site. At the conclusion of the meeting/training, miles from the alternate work site back to regular work site or to the employee's home (whichever is less) will be reimbursed at the current rate per mile.

Start at Home → Alternate Work Site → Home: When traveling from home to an alternate work site for an entire day and returning to home at the end of the work period, the employee will be reimbursed for the shorter of the two options: round trip miles from home to alternate work site or round trip miles from normal work site to alternate work site.

When assigned and authorized, the County will reimburse mileage occurring outside the employee's normal work hours to an alternate work site but not to the normal work location.

The County shall reimburse mileage between the Government Center/Public Health, Justice Center and the Highway Department buildings at 2 miles per trip.

For those employees whose designated work site is other than a County building, the designated as normal work location shall be determined by the department head and documented as such.

When two or more employees are traveling in one vehicle, reimbursement is made to one employee only.

## Meal Reimbursement Policy

### Meals:

Meal expenses will be reimbursed at actual costs and itemized receipts are required for reimbursement. Itemized receipts shall include the date, name of restaurant, and signature of a restaurant employee if the receipt is handwritten. Gratuity and alcoholic beverages will not be reimbursed. Meals and receipts should be submitted within the "Extra Pays" column the UKG Workforce Management.

The following conditions apply:

### Breakfast

Breakfast reimbursements may be claimed only if the employee is on assignment away from his/her work station in travel status overnight or in extenuating circumstances as determined by the Personnel-Executive Committee.

### Lunch

Lunch reimbursements may be claimed only if the employee is on assignment away from his/her work station in travel status overnight or in extenuating circumstances as determined by the Personnel-Executive Committee.

## Dinner

Dinner reimbursement may be claimed only if the employee is away from his/her work station in a travel status overnight or in extenuating circumstances as determined by the Personnel-Executive Committee.

## Reimbursement Amounts

The maximum reimbursement per meal, with itemized receipts, including tax, shall be:

### Standard Maximum Rate:

Breakfast	\$ 10.00
Lunch	\$ 15.00
Dinner	\$ 25.00

The County Board shall set reimbursement amounts.

## Fund Balance Policy

Adopted January 2, 2024

This Policy ensures the long-term economic stability of Le Sueur County by maintaining an adequate level of financial resources to fund operations, to adapt to revenue shortfalls and/or unanticipated expenditures, and to help ensure stable tax rates. Le Sueur County desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. In addition, this policy is intended to document the appropriate Reserve level to protect Le Sueur County's credit worthiness.

The General Fund Operating and Reserves are accumulated and maintained to provide stability and flexibility in response to unexpected adversity and/or opportunities. Aside from ensuring cash availability when revenue collections diminish, the Reserves generate investment income thereby diversifying the Government's revenue streams.

This policy establishes the amounts Le Sueur County will strive to maintain in its General Fund Operating and Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

### Fund Balance Classifications:

The assignment of fund balances is based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources. The five classifications of funds are:

**Non-spendable funds:** Funds that are not in a spendable form or are legally limited to be used for a particular purpose. Included in this category are amounts reserved for inventories, funds which are non-cash items and therefore not available for spending and amounts not available due to advances to other funds or other governments, or prepaid items.

**Restricted funds:** Funds that are subject to externally enforceable restrictions. The funds may be subject to statutes or rules, contributors, or creditors.

**Committed funds** – Funds whose use is authorized only by resolution of the County Board. Such authorization can be changed only by Board resolution. Action to commit funds for a specific year must be done before the end of the year with the exact amounts for such commitment to be determined at a later date, but before the completion of the financial statements.

**Assigned funds** – Funds for which the County has an intended purpose. This intention for usage will be determined by the County Board or their assignee. For all funds other than the General Fund, any amount that is not committed would be assigned due to the function of the fund.

**Unassigned funds** – Funds in the General Fund only for which a higher level of restriction has not been imposed. Unassigned amounts are available for any purpose. Any fund other than the General Fund having a negative balance will report the negative balance as unassigned.

## Fund Classifications, Descriptions and Balance Policies

Minnesota laws govern the flow of major revenue sources into the County treasury. County fund balances, which are measured as of December 31, are the primary source of funds available to the County for operating expenses during the first four months of the next fiscal year. An adequate fund balance will provide the County with the cash flow required to finance expenditures and avoid short-term borrowing.

Fund Balance usage will be as follows: when a fund balance includes both restricted and non-restricted funds, the restricted funds will be used first. For unrestricted fund usage, funds will be used in the following order: committed, assigned, and then unassigned amounts.

Assigning Fund Balance - The County Administrator and County Auditor-Treasurer, collectively, are hereby authorized to assign Fund Balance for specific purposes in accordance with the intent of the County Administration and actions of the Board of Commissioners. For the purposes of this section, Fund Balances should be calculated/projected using a year-end basis.

### 1. Governmental Funds:

- **General Fund** – the primary operating fund for all the financial resources of the general government, except those required to be accounted for in another fund.
  - On the financial statement, funds will be reported as non-spendable, restricted, committed, or assigned; any remaining balance will be reported as unassigned and used for day-to-day operations of the County to provide for emergency expenditures and to cover expenditures for revenues not yet received.
  - The County's policy is to have a balance on December 31 of unrestricted funds, committed, assigned, and unassigned, in the amount of 35%, at a minimum, of the following year's operating expenditures. Balances shall not exceed 50% unless the funds are dedicated for a specific project
- **Road and Bridge Special Revenue Fund** is used to account for and report grants and local revenues legally restricted or committed to the construction and maintenance of County roads, highways, and bridges. The Highway Engineer is responsible for the administration of this fund. State Aid rules require County Engineer approval to receive and expend roadway maintenance and construction funds available to the County via State Aid.
  - On the financial statement funds will be reported as non-spendable, restricted, or committed, with the remaining balance classified as assigned and used for the day-to-day operations of the Public Works Department to provide for emergency expenditures and to cover expenditures for revenues not yet received. Any negative fund balance would be listed as unassigned.
  - The County's policy is to have a balance on December 31 of unrestricted funds, committed, and assigned in the amount of 35%, at a minimum, of the following year's operating expenditures. Balances shall not exceed 50% unless funds are dedicated to a project that has been identified in the five-year road plan.
- **Human Services Special Revenue Fund** is used to account for and report grants and local revenues legally restricted, committed or assigned to economic assistance and



community social services programs. The Human Services Director is responsible for the administration of this fund.

- On the financial statement funds will be reported as non-spendable, restricted, or committed, with the remaining balance classified as assigned and used for the day-to-day operations of DHS to provide for emergency expenditures and to cover expenditures for revenues not yet received. Any negative fund balance would be listed as unassigned.
  - The County's policy is to have a balance as of December 31 of unrestricted funds, committed and assigned, in the amount of 50% of the following years operating expenditures. Balances shall not exceed 65% unless funds are dedicated to a project that has been identified in the Capital Improvement Plan.
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- **County Ditch Special Revenue Fund** is used to account for and report the grants and local revenues legally restricted or committed to supporting expenditures for the maintenance of the County ditch systems. On the financial statement funds will be reported as restricted per M.S. 103E. Ditches are funded through property tax assessments. The County Auditor-Treasurer is responsible for the administration of this fund.
    - The fund balance shall be evaluated annually (approximately December) by the County Auditor-Treasurer to determine the balances required for sufficient funds to finance ditch maintenance as it is needed. This determination is usually done in preparation for the annual ditch assessment for inclusion on property taxes (approximately January). It is recommended that each drainage system have a fund balance sufficient to cover routine repairs and maintenance. Individual ditch systems will require different levels of fund balance depending on the maintenance needs of the system.
- 
- **County Special Agency Fund (a subset of the General Fund)** is used to account for and report special purpose revenues and expenditures. Fund balances should be evaluated during the budget process to identify any excess funds that may be utilized in the following operating budget to reduce the impact to the levy. The following special purpose accounts have been created:
    - *Fleet Enterprise Vehicles (Sheriff)*
    - *Opioid Settlement (Public Health)*
    - *Inmate Enhancement (Sheriff)*
    - *Vehicle Forfeiture (Sheriff)*
    - *K9 (Sheriff)*
    - *DARE (Sheriff)*
    - *Probation Fees (Court Services)*
    - *UNIMIN (County Administration)*
    - *Conceal & Carry (Sheriff)*
    - *Adult/Juvenile Restitution (Court Services)*
    - *Wellness (Human Resources)*
    - *RecordEASE (Recorder)*
    - *Filing Fee (Environmental Services)*
    - *CVSO (Veterans)*
    - *Items Sold (Sheriff)*

- *Small Business Grants (County Administration)*
- *American Rescue Plan (County Administration)*
- *SCSC Premium Credit (County Administration)*
- *Sheriff's Foreclosures (Sheriff)*

2. Debt Services Fund:

- **Debt Service Fund** is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the payments of general long term debt principal, interest, and related costs, other than enterprise debt. The County Administrator is responsible for the administration of this fund.
  - Debt service funds will be reported as restricted for those funds levied per M.S. 475.61. Per M.S. 475.612 on the financial statement, taxes shall be levied to make principal and interest payments, plus 5%, until such time as the debt is paid off. Other receipts and transfers will be presented as committed or assigned funds per this policy definition.
  - The County's policy is to have a balance on December 31 so that when the final tax settlement dollars are added, it shall be sufficient to pay the next bond payment. When new bonds are established, the receipts for one year will be used for the following year's bond payments. The fund balance above \$500,000 may be used for interfund loans.

3. Capital Project Fund:

- **Capital Projects Fund** is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities, improvement of capital assets, and other capital assets, other than enterprise projects. The County Administrator is responsible for the administration of this fund.
  - On the financial statement funds will be reported as restricted, committed, or assigned. Bond funds will be restricted for the purpose issued. The board will commit funds according to planned capital expenditures. Any remaining balance will be assigned by the Board's assignee according to the Capital Improvement Plan.
  - The County's policy is to have a balance on December 31 to sufficiently cover any projects identified in the Capital Improvement Plan that are to be paid using reserves, plus \$500,000 to cover any emergency capital projects. The County Administrator and Auditor-Treasurer shall review the balance in the Capital Projects Fund on August 1 to determine if any levy will be required the following year.

4. Enterprise Fund:

- West Jefferson Subordinate Sewer District (SSD) is used to account for operations of the sewer system serving the district.
  - The County's policy is to have a balance on December 31 to sufficiently cover repairs and maintenance costs for the next three years.

5. Special Revenue Funds:

- Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted, committed or assigned to expenditures for specified purposes (other than debt service or capital projects).
  - Victim Witness
  - Gravel Tax – additional information can be found in M.S. 298.75
  - Environmental Health
    - Planning & Zoning
    - SCORE
    - Solid Waste
    - Water Planning
    - Feedlot Grant
    - ISTS
    - State Shoreland Grant
    - Sulp
    - Aquatic Species Aid
    - Buffer Enforcement
    - Low Income Septic Grant
    - Water Monitoring Program
    - Well Sealing
    - Cannon 1W1P
    - Lower MN 1W1P

6. Private-Purpose Trust Funds:

- Private-Purpose Trust Funds are used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.
  - Social Welfare

7. Custodial Funds:

- Custodial Funds are used to account for, and report assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.
  - Cemetery Perpetual Care
  - U.S. Fish and Wildlife
  - Agency
  - Taxes and Penalties
  - Inmate
  - Missing Heirs

### Fund Balance Evaluation Process

In October of each year, the County Administrator will review and report to the Board all fund balances according to the fund balance classifications as of December 31 of the previous year.

Based upon the Statement of Position by the Office of the State Auditor, *Fund Balances for Local Government*, the County shall maintain an unrestricted (committed, assigned, unassigned) fund balance as of December 31 equal to the following:

- 35– 50% of the current year operating budget in the General Fund;
- 35– 50% of the current year operating budget in Public Health and Human Services fund
- 35 – 50% of the current year operating budget in the Road and Bridge Special Revenue Fund.

“*Operating budget*” is defined as all expenses other than those budgeted for Capital Expenditures and Debt Services.

During the annual review of fund balances, the following options shall be considered in the order they are listed for those funds having balances larger than allowed by this policy:

1. Any funds in excess of the limits indicated that are intended to be left in excess will be documented as to the circumstances for such intention. When determining if an excess balance should be reduced, the following items will be taken into consideration: planned construction of roads or buildings, potential need of major equipment purchases, tax delinquency rate trends, and any pending litigation.
2. Inter-fund transfers may be processed to ensure all funds are at the levels specified above. Individual fund balance transfers of more than \$10,000 that take place as part of this process must be approved by the County Board.
3. The funds in excess of the identified fund balance for each fund may be transferred, with priority given to the Capital Projects fund for projects outlined in the County’s capital improvement plan.

If, at any time, the balance of any of these funds is less than that stated above, the budget will be adjusted accordingly so that proper fund balances can be achieved by the following year.

#### Financial Statement Presentation:

As per GASB 38, *Certain Financial Statement Note Disclosures*, all inter-fund transfers will be documented in the notes to the financial statement. Fund Balance Classifications will be presented in the Financial Statement in Aggregate with details presented in the notes to the financial statements.

#### Additional Considerations:

Reserve Levels – Le Sueur County seeks to maintain a minimum level of Unrestricted Fund Balance (per the annual Fund Balance on a modified accrual basis of accounting) in the General Fund equivalent to four-months of regular, on-going operating expenditures (including transfers out). Of this four-month reserve, three-months will be maintained to meet general operating needs and to allow for budgetary uncertainty (named as the “Operating Reserve”) and one-month may be targeted to be assigned to provide resources during economic downturns or to address vulnerabilities to extreme events, and emergencies impacting public safety concerns (named the “Economic Uncertainty/Emergency Reserve”).

The two reserve categories are represented below as a percentage of regular, on-going operating expenditures (including transfers out):

- Operating Reserve: 25% (three-months)

- Economic Uncertainty/Emergency Reserve: 8% (one-month)
- Total Reserve Level 33% (four-months)

Compliance - Le Sueur County will measure its compliance with this policy as of December 31st each year, as soon as practical after final year-end account information becomes available as part of the annual financial audit. During the course of the year the Auditor-Treasurer's office shall closely monitor Le Sueur County's revenues and expenditures to ensure the Operating Reserve is not used beyond any planned. For the purposes of this policy, current year's actual expenditures will exclude significant non-recurring (one-time) Items.

If, based on staff's analysis and forecasting, the target level of Operating Reserve is not being met or likely to not be met at some point within a five-year time horizon, then during the annual budget process, Fund Balance levels will be provided to the Board of Commissioners. Should the projected year-end Fund Balance be below the Operating Reserve amount established by this policy, a plan to replenish the Operating Reserves would be established based on the requirements outlined in this policy.

Cash Balance - To provide liquidity adequate to meet the demands of government service provision including budgetary uncertainty, unanticipated reductions in revenues or unplanned expenditure increases, Cash Balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to taxpayers by minimizing interest expense. The three-month Operating Reserve is intended to support this effort and counterbalance the tax collection cycle.

Funding the Reserves - Funding of General Fund Reserve targets will generally come from excess revenues over expenditures or one-time revenues. The reserve will be funded in the following priority order: Operating Reserve followed by the Economic Uncertainty/Emergency Reserve.

Conditions of Use of Reserves - It is the intent of the Unified Government to limit use of General Fund Operating Reserve to address unanticipated, non-recurring (one-time) needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow time for Le Sueur County to restructure its operations in a deliberate manner (as might be required in an economic downturn or an emergency), but such use will only take place in the context of an adopted long-term financial plan. The Economic Uncertainty/Emergency Reserve may be used at the discretion of the Board of Commissioners to provide resources to make up for temporary decreased revenues resulting from economic uncertainties or loss of major revenue sources or to provide resources to meet emergency expenditures in the case of flood, fire, tornado or other natural disaster.

Authority over Reserves – Le Sueur County Board of Commissioners may authorize the use of Reserves. The Auditor-Treasurer will regularly report both current and projected Reserve levels to the Le Sueur County Board of Commissioners.

This policy expresses the intent to assign one-month of regular, on-going operating expenditures (including transfers out) for the "Economic Uncertainty/Emergency Reserve" to temporarily offset unanticipated reduced revenues during economic downturns or to address vulnerabilities to extreme events, emergencies impacting public safety concerns.

Replenishment of Reserves - In the event that Reserves are used resulting in a balance below the three-month minimum, a plan will be developed and included in the formulation of the five-year forecast presented during the annual budget process.

Excess of Reserves - In the event Reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways:

- Fund accrued liabilities, including but not limited to debt service, workers' compensation benefits, pension, employee health benefits and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
- Appropriated to lower the amount of outstanding general obligation bonds, temporary notes or contributions needed to fund capital projects in Le Sueur County's CIP;
- Property tax mill rate and/or charges for services fee reductions.
- One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
- Start-up expenditures for new programs, provided that such action is approved by the Board of Commissioners and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Finance Department.

Periodic Review of the Targets - Compliance with this section will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process staff shall review the current and five-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors Le Sueur County is subject to.

## Grant Policy

Adopted January 2, 2024

Le Sueur County actively seeks grants to provide services to its citizens and reduce property tax burden.

The intent of the policy is to ensure compliance with General Procurement standards and Equipment Management Requirements.

### General Grant Guidance

- Find a project or purchase that fits grant criteria and obtain information about the grant requirements.
- The Department will contact County Administrator prior to seeking Board approval.
  - This action form should contain ALL important information concerning this grant INCLUDING any additional requirements that the grant may have such as continuing reporting for years to come; inability to sell an asset after used for certain amount of time; required future upkeep of an asset at local entities expense; any matching requirements of the grant and the source of the matching funds; or other important information as deemed appropriate.
  - Department will identify where match funding will be drawn from, if applicable.
- After Board approval the responsible department will contact the appropriate entity to start the process.
- The responsible department will start a file during this process and label everything well. This ensures there is no difficulty finding the documents needed when being audited.
- The responsible department needs to document all requirements and follow the grant procedures whenever applicable. These requirements may need to be fulfilled before the grant can be submitted. Some requirements may be:
  - Improvement plan
  - Is this improvement plan in a 5-year capital plan
  - Plans and specifications
  - Bidding requirements
  - Data requirements (i.e., invoice and receipt retention, reports, schedules, etc.)
  - May need plan for a Title VI of the Civil Rights Act (prohibiting discrimination)
  - May need to hire a consulting firm
  - Scope of project
  - Cost estimates
  - Projected timelines
  - What project reports will be required

- Document what steps will be needed for grant closeout
- Once all the documents required to apply for the grant have been gathered, then the grant application may be submitted.
- Responsible department will need to obtain all necessary grant documents and requirements once the grant is approved.
- If awarded contact County Administrator to present to County Board for approval.
- Follow through the project to completion.
- File all grant reports as required per the grant on a timely basis. Keep accurate records and ensure all requirements are well documented.
- Follow the internal controls document from Le Sueur County in relation to purchasing, bidding and contracting, purchase orders, and accounts payable. Following these procedures, it should and must include full and open competition consistent with uniform guidance standards.
- Le Sueur County must make available, upon request from the Federal awarding agency or pass-through entity, technical specifications, pre-procurement review, and all other documents related to proposed procurements, as referenced in §200.324.
- Contracts more than the simplified acquisition threshold currently set at \$175,000 for Le Sueur County, (Le Sueur County will use the lesser of the \$175,000 minimum indicated in Minnesota Statute 471.345 and the \$150.00 minimum prescribed in the Federal Acquisition Regulations), must address administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- Le Sueur County will follow Minnesota Statute 574.26 for surety bonding requirements on construction or facility improvement contracts or subcontracts exceeding our \$175,000 Simplified Acquisition Threshold, which is more restrictive than the Uniform Federal Guidance.
- Every procurement action in excess of the \$175,000 threshold, including contract modification, must have a cost or price analysis. The County must make independent estimates before receiving bids or proposals.
- All vendors and sub recipients are required to have a signed W-9 on file with the County Auditor/Treasurer before any payment will be issued.

## Federal Grants

This policy is to document grant procedures and to form a policy in accordance with required audit standards and to Office of Management and Budget (OMB) Federal requirements.

The Federal Office of Management and Budget (OMB) released new guidance on Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards in OMB CFR 200.317 through 200.327. The new guidance for all Federal Grant Awards and additional funding was implemented January 1, 2017.

It is the responsibility of persons procuring Federal awards to ensure each type of procurement is following Federal policies and procedures and complies with OMB 2 CFR 200.318 through 200.237. It is also the responsibility of persons procuring Federal awards to follow applicable state and local laws and regulations that are more restrictive than the guidelines spelled out in 200.318 through 200.237, and as applicable to refer to and comply with the remainder of subpart D.

These procedures will be decentralized which means each department will oversee and document the requirements and fulfillment of the federal grant requirements; this could and should also be used



for more sizable and complex state grants. As a standard practice, the County will address Federal Grant Standards as part of the bidding process where applicable.

Under federal guidelines the County (including the EDA) will need to have a single audit when federal expenditures (grants) are greater than \$750,000.

Please note, in many cases this money is passed through the state; it may come from a state department this does not mean it is a state grant. Review the grant document in each case and determine whether it is a state or federal grant; if you are not sure you may receive a definitive answer from the grant representative from the state. At this same time, you may obtain the Catalog of Federal Domestic Assistance (CFDA) number from the agency if it is not in the grant document. This is a five-digit number in this format:##.### (two numbers which denotes an administering federal department, and then 3 numbers which is the grant number within the federal department.

According to regulations the Federal award ID and year; name of federal awarding agency; and the pass-through entity's name (if applicable) need to be included in the financial system when applicable.

The Highway Department will follow the Delegated Contract Process (DCP) for Local Agency Federal Aid Projects. This document lays out specific requirements and resources for Project Development, Bid Procedures, Construction and Project Completion of projects where federal grant dollars are expended.

## State Grants

State grant policy should follow the aforementioned federal guidelines, unless otherwise specified.

This policy is to document grant procedures and to form a policy in accordance with required audit standards and to the Office of Management and Budget (MMB) State requirements.

Projects funded by State Aid or State Aid Grants have to follow rules and policies in the State Aid Manual and State Aid Rule.

## Other Grants

The County may pursue grants from non-profits. The County will follow the grant guidelines as outlined by the non-profit and follow all internal financial and reporting procedures.

## Procurement, Suspension and Debarment

Source of Governing Requirements -The requirements for procurement are contained in OMB UG and 2 CFR 180, program legislation, Federal awarding agency regulations and the terms and conditions of the award. The requirements for suspension and debarment are contained in OMB UG and 2 CFR 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

The County must have written procurement procedures that comply with federal, state, and local laws

and regulations. Le Sueur County must conduct procurement in a manner that prohibits the use of statutorily or administratively imposed state, local or tribal geographical preferences in the valuation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preferences, or for state licensing law. When contracting for architectural engineering (A/ED services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, the compete for the contract [§200.319

Follow state guidelines (which are also in our internal control procedures document) in regard to bidding and contracting.

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. Detailed product specifications should be avoided if at all possible.
  - Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- Follow the internal controls document from Le Sueur County in relation to purchasing, bidding and contracting, purchase orders, and accounts payable. *If we follow these procedures, it should and must include full and open competition consistent with uniform guidance standards.*
  - Le Sueur County must make available, upon request from the Federal awarding agency or pass-through entity, technical specifications, pre-procurement review, and all other documents related to proposed procurements, as referenced in §200.324.
    - Contracts more than the simplified acquisition threshold currently set at \$175,000 for Le Sueur County, (Le Sueur County will use the lesser of the \$175,000 minimum indicated in Minnesota Statute 471.345 and the \$150.00 minimum prescribed in the Federal Acquisition Regulations), must address administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
  - Le Sueur County will follow Minnesota Statute 574.26 for bonding requirements on construction or facility improvement contracts or subcontracts exceeding our \$175,000 Simplified Acquisition Threshold, which is more restrictive than the Uniform Federal Guidance.
  - Every procurement action in excess of the \$175,000 threshold, including contract modification, must have a cost or price analysis. As a starting point, the County must make independent estimates before receiving bids or proposals.
  - Profit must be negotiated as a separate element of the price for each contract in which there's not price competition and in all cases where cost analysis is performed.
  - The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.
  - Purchasing from small and minority businesses, women's business enterprises and labor surplus firms when applicable. Steps must include:
    - Placing qualified small and minority businesses and women's business enterprises on a solicitation list;
    - Assuring that small and minority business, and women's business enterprises are solicited whenever they are potential sources;
    - Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and

- women's business enterprises;
  - Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
  - Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
  - Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in these five items above.
  - 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 sub-recipient wishes to enter into a contract with a small business firm to nonprofit organization regarding the substitution of parties, assignment, or performance of experimental, developmental, or research work under that "funding agreement", the recipient or sub-recipient must comply with the requirements of 37 CFR Part 401, "Right to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements", and any implementing regulations issued by the awarding agency.
- Contract only with responsible contractors that can meet the requirements, and terms and conditions. Some items to consider are:
  - Contractor integrity
  - Compliance with public policy
  - Record of past performance
  - Financial and technical resources
    - Contract Work Hours and Safety Standard Act (40 U.S.C 3701-37080. Where applicable, all contracts awarded by Le Sueur County in excess of \$100,000 that involves the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C 3702 and 3704, as supplemented by Department of Labor Regulation (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
- Identify the procurement method: Under federal guidelines there are different sizes of purchases and requirements that they follow.
  - Micro purchases are purchases not to exceed \$25,000. This can increase up to \$50,000 on an annual basis if the self-certification is done with any of the following supporting documentation: qualification as a low-risk auditee, annual internal institutional risk assessment, or a higher threshold consistent with State law (\$25,000).
    - Follow normal purchasing procedures in the internal control documents. Issue purchase requisitions when policy requires.

- Distribute as equitably as possible among qualified suppliers.
  - Policy is that you should get more than one price quote if the purchase is over \$5,000. If the purchase is under \$5,000 more than one quote is not required.
- Small purchase procedures which are relatively simple and informal procurement methods for securing services and supplies between \$25,000 and \$174,999 under federal guidelines.
  - Follow County guidelines in relation to purchasing, contracting and bidding for these items and follow state statutes which would require competitive quotes above \$25,000 and sealed competitive bids after \$174,999 when applicable or unless there is an exception to policy.
  - All contracts in excess of \$10,000 must address termination for cause and for convenience by the County including the manner by which it will be affected and the basis for settlement.
  - Stay in contact with the federal or state agency you are coordinating this grant with to ensure compliance.
- Sealed bid procurements with formal advertising are for items exceeding \$175,000 (>\$175,000 for Le Sueur County). Le Sueur County will use the lesser of the \$175,000 minimum indicated in Minnesota Statute 471.345 and the \$150.00 minimum prescribed in the Federal Acquisition Regulations. Publicly solicited and a firm fixed price contract is awarded the bid that is the lowest price. The sealed bid method is the preferred method for procuring construction, if the conditions in §200.320 paragraph C (1) apply.
  - Follow county guidelines in relation to contracting and bidding which are the same as MN State statute (> \$175,000).
  - Stay in contact with the federal or state agency you are coordinating this grant with to ensure compliance.
  - In order for sealed bidding to be feasible, the following conditions should be present:
    - A complete, adequate, and realistic specification or purchase description is available;
    - Two or more responsible bidders are willing and able to compete effectively for the business; and
    - The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
  - If sealed bids are used, the following requirements apply:
    - Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, the invitation for bids must be publicly advertised;
    - The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
    - All bids will be opened at the time and place prescribed in the invitation for bids, the bids must be opened publicly;
    - A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discount, transportation cost, and life cycle costs must be considered in determining which bid is the lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of: and
    - Any or all bids may be rejected if there is a sound documented reason.

- Sealed bid procurements without formal advertising are for items exceeding \$175,000. This would be a rarity that this will occur.
  - Follow County guidelines in relation to contracting and bidding (> \$175,000) which are the same as MN State statute.
  - Stay in contact with the federal or state agency you are coordinating this grant with to ensure compliance.
  - Complete cost/price analysis;
    - Method used and level of analysis depends on facts surrounding the procurement action;
  - Recipient must make independent estimates before receiving bids or proposals.
- Non-competitive proposals or bids
  - Review use of non-competitive proposals, if used and when to use:
    - Item or service is available from only one source;
    - Public emergency exists;
    - Awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from Le Sueur County;
    - Competition is inadequate after a solicitation is issued.
- Le Sueur County must engage in full and open competition for all procurement transactions consistent with the standards as referenced from §200.319. Contractors that draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for procurements. Some other examples of situations include but are not limited to:
  - Placing unreasonable requirements on firms for the to qualify to do business;
  - Requiring unnecessary experience and excessive bonding;
  - Noncompetitive pricing practices and contracts;
  - Organizational conflicts of interest;
  - Specifying only a "brand name" instead of allowing "an equal" product to be offered; and
  - Any arbitrary action in the procurement process.
- Competitive Proposals: More than \$175,000. The technique of competitive proposals is normally conducted with more than one sources submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding \$175,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization 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. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier up to the Le Sueur County award. Generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
  - Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
  - Proposals must be solicited from an adequate number of qualified sources;
  - The County must have a written method for conducting technical evaluations of

- the proposals received and for selecting recipients;
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
  - The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms are a potential source to perform the proposed effort.
  - Recipient must ensure that awarded contracts are not awarded to a contractor that is debarred or suspended.
    - Verify in Excluded Parties List System (EPLS) in the System for Award Management (SAM).

## General Standards for Procurements

- To reduce costs, the use of value engineering clauses is encouraged for large projects, such as construction. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- Consideration and analysis should be made to make the most economical approach of procurements. Avoid acquisition of unnecessary or duplicative items and analyze the value of a lease versus purchase when applicable, or any other purchases for that matter. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.
- Le Sueur County is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate, or use of common or shared goods and services to promote a cost-effective use of shared services. Also, the use of Federal excess and surplus property in lieu of purchasing new is encouraged whenever feasible.

## Internal Controls

Uniform guidance requires our organization to have effective controls in place to manage federal awards and show compliance with Federal statutes, regulations, and terms and conditions of the award when applicable. Le Sueur County is responsible for the settlement of all contractual and administrative issues arising out of procurements, which include, but are not limited to: source evaluation, protest, disputes and claims.

- The section "General Grant Guidance" and following our internal policies will fulfill these requirements.

Uniform guidance requires there are reasonable procedures in place to protect Personally Identifiable Information (PII) as sensitive by Federal agency or pass-through entity when applicable.

- Le Sueur County has approved the Data Practices Policy that outlines different types of data and what must be followed regarding dissemination of data. This policy may not be all encompassing; however, between that and implementation of other grant rules and procedures the controls are in place to protect PPI.
- PPI data must be kept in a locking file cabinet or computer system that is only accessible to people authorized to have that access.
- Follow other normal operating procedures in regard to purchase requisitions, contracting and bidding, and submitting of claim.

## Financial Management and Accounting Records

Financial system must identify all federal awards in all accounts that are received and expended by:

- CFDA number and title
- Federal award ID and year
- Name of federal awarding agency
- Pass-through entity's name

**Major Federal Grants** - Each department will need to contact either the Finance Director or the Auditor-Treasurer with the information in number one above for major federal grants so that we can oversee the set up the appropriate Project Accounting Codes by each department.

- Project accounting is a system that works along with the main general ledger. This will allow for proper identification the federal government is requiring.
- Major federal grants will be defined as grants that require multiple entries for the receipt of the federal grant and multiple expenditure items of the federal grant. It would also be further defined as greater than \$100,000 in expenditures or revenues.

**Minor Federal Grants** - Each department, when asking for a federal grant to be receipted into the general ledger system, will need to be accompanied by the information in number one above so the information can be entered into the detailed description. The same is true for expenditures. When entered into the system the information required above will need to be entered into the detail description.

- A minor program would be a grant that is less than \$100,000 and only has very a few number of transactions needing to be entered such as one receipt and one expenditure.

Each department must know the requirements of the grant they are receiving and ensure the allowability of costs are well documented including allowability of costs in accordance with Subpart E Cost Principles if applicable on the grant.

To receive advance payments, written procedures must be in place by the departments to minimize time between transfer of funds and disbursement by the entity whenever applicable.

Payments to sub-recipients are:

- Not required to be maintained in separate depository accounts for federal awards,
- Required to be accounted for by receipt, obligation, and expenditure of federal awards. Documentation must be retained and detailed descriptions used on expenditures to the system. If using a project account, more defining items could be set up to provide better information, but each department will need to contact finance department to assist with this process

## Documentation

Examples of documents associated with a particular action:

- Travel, e.g., airline tickets, authorized travel request, hotel receipts, conference registration, mileage records, etc.
- Procurement, e.g., request to buy (purchase), quotes from suppliers, written agreement/contract to purchase or an order, receipt of goods or completion of services, invoice, etc.
- Personnel Compensations (T&E), e.g., timesheets, calendars with worked hours, approved or authorized schedules.
- Performance Reports, e.g., activities completed, associated costs, log of attendees/those served, publications or written material, etc.
- Financial Reports, e.g., receipts, invoices, payroll schedules, etc.

## Personnel Compensation Documentation

Written policies and procedures for personnel compensation

- Employees will follow current personnel policies.
- Management must communicate with employees how to record their time on timesheets to designate the work is for a federal grant or possible federal grant.
- When entering time information, staff must enter the appropriate project accounting codes so payroll time is properly recorded.
- Timesheets must be recorded in Human Resources software for imaging and sorting for backup documentation to the federal grant (primarily used for FEMA grants).
- Documentation must be maintained for all employees whose salaries are paid in full or in part by a federal award and used in meeting cost sharing or matching requirements on federal awards whenever applicable



## Conflict of Interest

All potential conflicts of interest must be disclosed in writing to the federal awarding agency.

A conflict of interest arises with the employee, officer, or agent, and member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of Le Sueur County may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. A conflict of interest also exists if Le Sueur County has a parent, affiliate, or subsidiary organization that is not a state, local government or Indian tribe, and Le Sueur County is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

County officials need to be aware of other interests employees may have or own. For example, if they are involved in a sideline business or a spouse involved in a business.

- Officials must be aware of their own business interests.
- Officials need to keep note of other businesses employees may be involved with.
- Officials should state to their employees and ask questions whether they are involved with other businesses.
- All employees should read and understand the code of Conduct in the Le Sueur County employee handbook.

Federal award recipients must disclose, in a timely manner, all violations of Federal criminal law in writing that involve fraud, bribery or gratuities that affect a federal award. This information must be reported to the federal agency or pass-through entity. If you fail to do so you may forfeit a portion or all the federal award.

## Activities Allowed/Un-allowed and Allowable Costs/Cost Principles -2 CFR 200 Subpart E

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

- All grant expenditures will follow 2 CFR 200 Subpart E, State law, County policy, and the provisions of the grant award agreement, which will also be considered in determining allowability. Grant funds will only be used for expenditures that are considered reasonable and necessary for the administration of the program.
- Grant expenditures will be approved initially through the purchasing process and again when the bill or invoice is received. This will be evidenced by approval via the County's accounting software. Accounts payable disbursements will not be processed for payment by the Auditor-Treasurer until necessary approval has been obtained.
- Payroll costs will be documented in accordance with 2 CFR 200 Subpart E. An indirect cost rate will only be charged to the grant to the extent that it was specifically approved through the grant budget/agreement.

## Cash Management - OMB UG 2 CFR 200.302 & 305

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

- Substantially all the County's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grant agency.
- Cash draws will be initiated by the Auditor-Treasurer or designee who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated.
- The physical draw of cash will be processed through SWIFT (Minnesota's State-wide Integrated Financial Tools payment system) or through the means prescribed in the grant agreement.
- Supporting documentation from SWIFT or a copy of the cash draw paperwork will be filed along with the approved paperwork described above and retained for audit purposes.
- When cash is received in advance or drawn, the County will work to minimize time lapse between transfer of funds and disbursement by the County.

## Eligibility

Federal grants will only benefit those individuals and/or groups of participants that are deemed to be eligible.

## Equipment and Real Property Management - OMB UG 2 CFR 200.310- 316

The following policies and procedures will also be applied to the extent that they do not conflict with or contradict any existing policies:

- All equipment will be used in the program for which it was acquired or, when appropriate and allowable, other federal programs.
- When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. The designee will be responsible for ensuring that equipment purchases have been previously approved, if required, and will retain evidence of this approval.
- Equipment records will be maintained, and an appropriate system shall be used to safeguard equipment.
- When equipment is no longer needed for a federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

## Procedures for Disposition of Equipment

The County will keep, sell or otherwise dispose of the equipment with no further obligation unless disposal requirements are specifically detailed in the grant. Le Sueur County must comply with

section 6002 of the Solid Waste Disposal Act as referenced from §200.322, the Clean air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C 1251- 13870, s amended-contracts and sub-grants of amounts in excess of \$150,000 must contain a provision that requires Le Sueur County to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act as amended. Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

See §200.322 Procurement of recovered materials. 200.322: Le Sueur County must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintain a satisfactory level of competition, where the purchase price of an item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

A record of the date, reason and method of disposal or sale will be maintained with the equipment inventory.

Equipment purchased will be identified and kept in a capital asset listing. An equipment listing shall be maintained that includes the following:

- Asset number and description of the equipment
- Depreciation method & years of expected life
- Acquisition date
- Cost of the equipment
- Equipment classification (land, building, equipment, etc.)
- Make, Model, & Serial number or other identification number
- Vendor and invoice number to purchase equipment
- Disposition data including date and sale price of the equipment

A physical inventory of the property will be conducted periodically, and the results will be reconciled with the capital asset listing. A control system will be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage or theft will be investigated.

Maintenance procedures are in place to keep the equipment in good condition.

### [Matching Level of Effort and Earmarking - OMB UG 2 CFR 200.306](#)

The County defines "matching", "level of effort", and "earmarking" consistent with the definitions of the OMB UG Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-federal) or a

specified amount or percentage of match federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-federal or federal sources for specified activities to be maintained from period to period, and (c) federal funds to supplement and not supplant non-federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount of percentage of the program's funding that must/may be used for specified activities, including funds provided to sub-recipients. Earmarking may also be specified in relation to the types of participants covered.

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

- Compliance with matching, level of effort and earmarking requirements will be the responsibility of the Administrative Services Director or designee.
- Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to County administration, auditors, and pass-through or grantor agencies, as requested.
- Maintenance of effort for grants through the State Minnesota will be determined at the State level.

#### Period of Performance - OMB UG 2 CFR 200.308-309 & 344

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

- Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
- All obligations will be liquidated not later than 120 days after the end of the funding period (or as specified by program legislation).
- Compliance with period of performance requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval by the Administrative Services Department-Finance as part of the payment processing.

#### Program Income - OMB UG 2 CFR 200.307

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

- Program income will include (but will not be limited to): income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the

- Federal awarding agency regulations or terms and conditions of the award.
- The County will allow program income to be used in one of three methods:
  - Deducted from outlays
  - Added to the project budget
  - Used to meet matching requirements

In the absence of specific guidance in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.

- Program income, when applicable, will be accounted for as a revenue source in the same project code as the federal grant.

## Reporting

Uniform guidance requires Federal agencies to include performance goals or measures in awards and recipients are to report against those goals or measures.

- Read and understand the grant document in relation to performance reporting requirements.
- Performance reporting will require the following:
  - Recipients are to relate financial data to performance accomplishments;
  - Oversight and monitoring must cover each program or activity.
  - Performance report timeframes will be defined by awarding agency or pass-through entity.
- Expectations of performance reports (non-construction):
  - Comparison of actual accomplishments of each federal award for the established reporting period by submitting:
    - Quantifiable data (cost/units) when available
    - Trend data or data analysis
    - Other defined measures
  - Reasons why goals were not met:
    - Analysis/reason why goals not met
    - Explanation of any cost overruns
    - (Identification of or if goals will be met)
- Expectations of performance reports (construction)
  - On-site technical inspection report
  - Certified percentage of completion data
  - Additional reports as required by Federal agency
  - Data and Information that identifies:
    - Significant developments between scheduled reporting dates, e.g., delays, problems, adverse conditions
    - Identify any action taken, contemplated, or assistance needed
    - Identify favorable conditions
  - Policy and Procedures considerations:
    - Entities should consider having procedures that describe when to start collecting data for the report, who shall review the report, who shall sign the report, and when the report will be submitted.
    - Build in a timeline for submission and know the reportable measures for the reporting period to eliminate constant revisions.
    - For special data collection, procedures may need to reflect unique steps to take to collect and analyze data for reporting purposes - may require interim procedures to satisfy current reporting.

- Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, 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 Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part 1964-1965 Comp.,p. 339) as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity", and implementing regulations 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor".
- 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 Le Sueur County must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. Le Sueur County must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. Le Sueur County must report all suspected or reported violations to the Federal awarding agency. 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, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or sub recipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up and part of the compensation to which he or she is otherwise entitled. Le Sueur County must report all suspected or reported violations to the Federal awarding agency.

### Report Certification:

- An authorizing official must sign a certification regarding the filing of documents.
  - When the grant is approved by the governing body the official that will be signing the grant documentation approved for all the grant documents going forward including this certification.
  - Certification: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and

Title 31, Sections 3729-3730 and 3801-3812)."

## Financial Reporting

- Use OMB approved government wide data collection instrument (currently SF-425 Federal Financial Report).
- Frequency of reporting will be identified in the grant documents. Check documentation.
- If more guidance is needed, please check with the federal agency or pass-through entity.

## Sub-recipient Monitoring

The County will ensure that every sub-award is clearly identified to the sub-recipient as a sub-award and includes the following information at the time of the sub-award and, if any of these data elements change, include the changes in subsequent sub-award modification. Required information includes:

## Federal Award Identification

- Sub-recipient name (which must match the name associated with its unique entity identifier);
- Sub-recipient's unique entity identifier;
- Federal Award Identification Number (FAIN);
- Federal Award Date (see §200.39 Federal award date) to the recipient by the Federal agency;
- Sub-award Period of Performance Start and End Date;
- Amount of Federal Funds Obligated by this action by the pass-through entity to the sub-recipient;
- Total Amount of Federal Funds Obligated to the sub-recipient by the pass-through entity including the current obligation;
- Total Amount of the Federal Award committed to the sub-recipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- Assistance Listing Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listing Number at time of disbursement;

- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

The County will perform a written risk assessment of each sub-recipient, evaluating their risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate sub-recipient monitoring described in 2 CFR 200.332.

The County will monitor the activities of the sub-recipient as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved.

The County will verify that every sub-recipient is audited as required by OMB UG 2 CFR 200 Subpart F when it is expected that the sub-recipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold.

### Special Tests and Provisions

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

- The Auditor-Treasurer or designee will be assigned the responsibility for identifying financial-related compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation. Program-related compliance requirements will be the responsibility of the department administering the grant.



## Interfund Loan Policy

Adopted January 2, 2024

The interfund loan policy provides the parameters by which the County may alleviate cash flow shortages in the various County funds with temporary loans from other funds. Interfund loans are intended to be a temporary internal financing mechanism which may be used to alleviate the need for debt issuance on a project that requires only short-term financing and/or to provide temporary internal financing on a project for which permanent financing will take place at a later date.

It is the policy of the County Board that interfund loans between the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds or the Enterprise Funds may be used to alleviate a temporary cash deficiency. The loan shall be accounted for as a temporary borrowing between funds or accounts and shall not be available for appropriation or be considered revenue to the borrowing funds or account. Amounts transferred shall be repaid within 180 calendar days or as approved by Board resolution. Borrowing shall occur only when the fund or account receiving the money will earn sufficient revenue during the current fiscal year, to repay the amount transferred. No more than 75 percent of the maximum money held in any fund or account during a current fiscal year may be loaned or transferred.

Such loans shall not be used to balance the budget of the borrowing fund, nor shall they deter any function or project for which the loaning fund was established.

The County Board must adopt a resolution before any interfund loan transaction takes place. The resolution shall contain the exact amount of the loan, the funds involved, the purpose of the loan, the specific source of funds for repayment, the schedule for repayment and any interest rate involved.

### Ditch System

It is the policy of the County to not borrow the ditch system funds from the General Fund. If a certain ditch system is in need of funds to pay expenses, those funds should be borrowed from other ditch funds. The only time General Fund dollars can be borrowed to ditch systems is by special resolution of the Board of Commissioners, and the resolution shall specifically include terms and conditions of repayment, including interest.

### Sewer District

It is the policy of the County to not borrow the Sewer District funds from the General Fund for operating or capital expenses. If the system is in need of funds and funds must be used from the General Fund, a special assessment should be promptly placed on the users of the system, and repayment made within 24 months. Any funds borrowed from the General Fund must be authorized by resolution of the Board, which shall specifically include terms and conditions of repayment, including interest.

## Inventory Assets Policy

Adopted January 2, 2024

Inventory assets include tangible items that are held for resale or are used/consumed in offering services. A few examples of inventory the County has are fuel, parts/equipment. The following steps should be taken to ensure proper controls and financial reporting of inventory:

- **Safeguard.** All inventory assets should be safeguarded at all times using locks or kept in a secured building. Access to those buildings should be limited to employees who work there and if possible, further secured in a locked room or locked shelving/cabinets.
- **Organize.** Inventory should be stored in an organized manner, sorted with the same items grouped together.
- **Verify new shipments.** When a new shipment of inventory is received, the quantity of the items received should be verified against the quantity invoiced. Any variances should be addressed with the vendor.
- **Accurate records.** There should be accurate records of quantities on hand at all times. Inventory should be tracked with an inventory system or other recordkeeping. Finance will reconcile the reports to the financial records.
- **Physical Inventory Count.** A physical inventory count should be taken at least once a year at the end of December. Employees who do not have access to the inventory system/recordkeeping should be assigned to take the inventory. Discrepancies between the physical count and inventory reports should be researched. The year-end physical inventory should be submitted to Finance for review and to enter any adjustments, if necessary.
- **Communicate.** Any new inventory held by a department needs to be communicated to Finance to ensure proper financial reporting.

## Investment Policy

Adopted January 2, 2024

It will be the policy of Le Sueur County to invest non-committed cash in instruments authorized by Minnesota Statute 118A. The objectives, in order of priority, will be to preserve principal, maintain liquidity, and earn the optimum rate of return. Investments shall be made with the exercise of that judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

### Investment Responsibility

The County Auditor-Treasurer is designated as Investment Officer and is responsible for investment decisions and activities.

It is further the responsibility of the County Auditor-Treasurer to designate which financial institutions are used as depositories of funds, as stipulated in M.S. 118A.02.

### Reporting

It is the policy of the Le Sueur County Auditor-Treasurer to prepare an annual investment report and hold an annual work session with the Le Sueur County Board. Additional investment reports will be prepared for the County Board upon request.

### Maximum Investments

It is the policy of the Le Sueur County Auditor-Treasurer to determine the cash balance on a daily basis for the purpose of investing excess funds. All County dollars will be invested to preserve principal, maintain liquidity to meet the County's need for cash and to maximize interest income with prime concern for safety and liquidity.

### Local Investments

It is the policy to place investments through Le Sueur County institutions, if those institutions can offer market competitive returns. Institutions outside of Le Sueur County will be given the opportunity to bid, but must exceed local institutions by one half (.50) percent and must meet safety and security standards.

### Pooling of Investments

It is the policy of the Le Sueur County Auditor-Treasurer to pool the cash for all funds for the purpose of making the maximum return on investments.

### Scheduled Maturity

It is the policy of the Le Sueur County Auditor-Treasurer to schedule investment securities to coincide with the payment of property tax settlements and other bill paying dates. Portfolio Maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected shall provide for stability of income and reasonable liquidity. Le Sueur County bank CD's will have a maturity preferably 3 years and up to 5 years when long-term CDs can bring above average rate of return and/or interest compounded and interest received in at maturity or redemption. Longer term CDs should only be acquired if above average returns are guaranteed.

## Investment Bidding

All parties interested in bidding on investments will be given the opportunity to bid by telephone or mail. Once the deadline for bidding has passed, the County Auditor-Treasurer will award the bid and bidders will be notified of all bids received.

## Investment Risk

It is the policy of Le Sueur County to avoid unreasonable risk in order to obtain investment income. The County may request from the bidders a rating (such as VERIBANC Rating) to limit the amount of risk. The high bidder may be denied the investment, based upon that rating. Le Sueur County will only invest in securities issued by the Federal National Mortgage Association (FNMA), The Government National Mortgage Association (GNMA), The Federal Home Loan Mortgage Association (Freddie MAC), Federal Home Loan Bank (FHLB), Brokered Jumbo C.D.'s covered by FDIC, Repurchase Agreements, and Magic Fund.

## Investment Diversification

It is the policy of the Le Sueur County Auditor-Treasurer to make investments, which shall suggest diversification to limit risk.

## Electronic Funds/Wire Transfers

The County Auditor-Treasurer is authorized to use electronic fund transfers for investment purposes as stipulated in M.S. 385.071.

Wire transfers are generated by a phone call or email from authorized personnel of the County Auditor-Treasurer's Office, which includes the Auditor-Treasurer and Deputy Auditor-Treasurer. Or a wire transfer may be initiated via internet access to the bank by the County Auditor-Treasurer with the Deputy Auditor-Treasurer sending the wire. A confirmation call or email back, verifying the amount of the wire transfer is made by the bank to authorized personnel. In the case of internet process in the wire transfer, a call back is still requested. The wire information is kept in the Auditor-Treasurer's Office, and also at the bank for each of the parties using the wire process. Under this policy, wire transfers are to be used only where deemed appropriate, expeditious and in the best interest of Le Sueur County.

## Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Officers and employees with authority to make, recommend, or vote on major decisions regarding the expenditure or investment of public funds must disclose certain information, as required under Minn. Stat. §10A.07, if they will be involved in decisions or take actions that substantially affect their financial interests or those of a business with which they are associated.

## Journal Entry Policy

Adopted January 2, 2024

### Purpose:

The county recognizes that journal entries are needed and made for limited reasons.

In general, the County shall use journal entries primarily for interfund transfers and payroll.

### Journal Entry Procedures:

Journal entries for all funds/departments will be prepared and entered by the Finance Director.

- a) The Finance Director reviews the need to create a journal entry based on individual circumstances. If a journal entry is determined to be needed, the Accounting staff will ensure each entry is properly coded and in balance.
- b) The Finance Director, or as delegated to the Auditor-Treasurer, approves all journal entries with an original signature before posting.
- c) Journal entries requested from department heads must be submitted in writing giving an explanation behind the journal entry.
- d) The Finance Director will ensure that all proper documentation supporting each journal entry include, but not be limited to: department's information, debit/credit entry forms and any other supporting documentation. The supporting documentation is retained in accordance with the retention schedule.
- e) At the end of each month, after the approved journal entries have been entered and posted into the county's financial system, the County Auditor-Treasurer's Chief Deputy will ensure that each journal entry was posted correctly, and all funds/departments are in balance during month end closing in conjunction with the Finance Director.

## Petty Cash

Adopted January 2, 2024

By law counties are allowed to establish petty cash (imprest) funds (Minnesota Statute 123B.11). These funds are cash funds with currency in the form of coins and bills, not separate checking accounts.

1. Departments are authorized to establish Petty Cash Funds, but must first bring their request to the Board of Commissioners for approval. The Petty Cash Fund shall be used to make change to citizens using cash to pay for services.
  
1. All funds collected via petty cash shall NOT be used for expenses. Funds will be remanded to the Auditor-Treasurer's Office, the same business day or the next business day.
  
2. Petty cash funds may start with an opening balance of up to \$100, dependent upon the department's cash transactions. Transactions that result in a cash deposit, should be remit to the Auditor-Treasurer's office for deposit the same day or the next business day.
  
3. Controls over the Petty Cash Fund
  - a. Because these are cash funds, extra security precautions need to be taken to safeguard these funds. The petty cash custodian should properly secure petty cash funds in a metal lock box that is maintained in a locked desk, locked cabinet, or locked safe to which access is limited.
  - b. Reconciliations of the petty cash fund shall be done by someone other than the person who collects funds, on a weekly basis.

## Purchasing Policy

Adopted January 2, 2024

### Overview

The County will procure goods and services required to meet the needs and fulfill the County's mission as economically feasible, in a manner that is efficient, unbiased, and complies with all federal, state, and local laws as well as all other County policies.

The budget allocates funds for the purchase of personnel, supplies, other services, and capital. Requests cannot be made for items outside the budget except under special circumstances. These special circumstances will have to be approved by the Board.

A County expenditure must meet the following standards to be legal:

- **Public Purpose** – There must be a public purpose for the expenditure.
- **Authority** – There must be specific or implied authority for the expenditure in statute or the County's charter.
- **Proper Procedure** – County processing guidelines must be followed including obtaining an appropriate receipt or invoice, meeting approval requirements, and timely processing of information.

### General Purchasing Guidelines

- The majority of the County's purchases are decentralized, meaning each department negotiates with the vendor and processes the request for payments. Departments are responsible for ensuring policy compliance. Auditor-Treasurer is responsible for processing requested purchase orders, processing payments, and monitoring policy compliance.
- The Auditor-Treasurer's office processes payments on a set schedule. Supporting documentation shall be provided with the invoice prior to payments being made. Counties are required by statute to pay invoices within 35 days unless there are pre-arranged payment terms or a dispute of the invoice.
- The purchaser and the person authorizing the purchase are responsible for ensuring that purchase prices are reasonable and accurate. The purchaser must confirm the prices charged by the vendor match the prices offered by the vendor when the original contract was signed.
- Invoices shall should be coded to the correct account codes based on the type of expenditure, not available funds in various line items of the budget. Failure to code properly skews actual expenses and provides inaccurate historical data for future budgeting.
- Before the County makes the final payment to a contractor under a contract requiring the employment of employees, it must make sure the contractor and any subcontractors have complied with withholding tax laws. For more information, please see the [IC-134 section](#).

- At year end, invoices that are received within 90 days which are for goods or services that were ordered and received in the previous year will be recorded against the previous year.
- In general, contracts are required for all purchases including professional services, and capital expenditures

## Purchase and Bidding Requirements

### In Original Approved Budget

Value of Purchase or Contract	Approval required by	Written bid specifications	Sealed bids required
Over amount line-item spending of over \$2,500*	County Administrator	No	no
Under \$25,000	Department Head	No-min 2 quotes, if practicable	No
\$25,000 - \$50,000	County Administrator	Yes-min 2 quotes, if practicable	No
\$50,001 - \$174,999	County Board	Yes-min 2 quotes, if practicable	No
Greater than \$175,000	County Board	Yes	Yes

\* If a budget line item is over budget by \$2,500, the next claim shall come to the County Administrator for approval prior to payment.

### Not in original budget

Value of Purchase or Contract	Approval required by	Written bid specifications	Sealed bids required
Under \$10,000	County Administrator	No	no
\$10,001 - \$174,999	County Board	Yes-min 2 quotes, if practicable	No
Greater than \$175,000	County Board	Yes	Yes



### Approval Process for Highway Department Purchases

Value	Approval Required	Bids	Sealed Bids
Contract Change Orders required to complete project as-bid.	County Engineer may, contingent upon sufficient funds being available, approve contract change orders required to complete the project as bid. County Engineer will report on significant contract changes during regular updates to the County Board.	None required	No
Contract Change Order changing scope of project. (i.e. adding additional roadways to paving contract, or adding additional infrastructure not required to complete the project as-bid)	Board Approval	None required	No
Material and Supply Purchases and Road Work Expenses under \$175,000	Upon verifying sufficient fund availability, the County Engineer may receive quotes and approve contracts up to \$175,000 for maintenance and repair of existing roadway infrastructure. The County Engineer will report on significant expenditures during regular updates to the County Board.	As required by current Minnesota Statutes for "Uniform Municipal Contracting Law".	No
Material and Supply Purchases and Road Work Expenses over \$175,000	Board Approval required	As required by current Minnesota Statutes for "Uniform Municipal Contracting Law".	Yes
Equipment Purchases under \$50,000	County Engineer	As required by current Minnesota Statutes for "Uniform Municipal Contracting Law".	No
Equipment Purchases over \$50,000	Board Approval	As required by current Minnesota Statutes for "Uniform Municipal Contracting Law".	No
Professional Services Purchases under \$50,000	County Engineer	Procuring professional services can be done through open	No

		negotiation, quotation, or requests for proposals. Procurement of professional services must take into consideration of qualifications, specifications, competency, and availability of the most qualified service provider initially and independent of cost.	
Professional Services Purchases over \$50,000	Board Approval	Procuring professional services can be done through open negotiation, quotation, or requests for proposals. Procurement of professional services must take into consideration of qualifications, specifications, competency, and availability of the most qualified service provider initially and independent of cost.	No

Due to the unpredictability of events that the Highway Department deals with throughout each year it is possible (highly likely) that various budget line items may incur cost overruns. In order to avoid delays in services provided to the public, upon verifying sufficient funds are available within the overall Highway Department budget or other available Highway Department funding resources, the Highway Engineer should manage such funds appropriately to continue daily department operations. All costs incurred should be reasonable and necessary. The Highway Engineer should as needed update the County Administrator of cost overruns for the annual budget period for the department.

Should funding not be apparently available within the overall Highway Department budget or Highway Department funding resources, County Board and Administrator approval should be obtained.

### Sealed Bidding Process

The originating department must ensure that the following steps are taken:

- Make sure that funds have been appropriated for this contract.

- Make proper publication in the official County newspaper(s) and post on county website
- Distribute terms, conditions, and specifications, and answer any bidder questions.
- Open sealed bids at an appropriate time and place, and then tabulate.
- Award the contract to the lowest responsible bidder. *Minn. Stat. § 412.311, subd. 1.*
- In the event a low bidder is not recommended, fully document the reason(s). Consult the County Attorney.
- Prepare and present to the Board of Commissioners a request for approval of the award. The contract shall be signed by the Chair. The signed resolution must be maintained for 10 years after the project completion. The department can retain these in the project file.

Advertisements for sealed bids must be published in the County's official newspaper at least ten days before the last date for submission of bids. The published notice must contain the following:

- A description of the project or purchase being sought.
- The availability and location of specifications.
- Bid requirements (such as sealed bids, or any accompanying bid security).
- Where the bids must be submitted.
- The deadline for submitting bids.
- The time and place of the bid opening.
- The County officers who will be present for the opening.
- A statement indicating that the County may delay the award until certain events occur.
- A statement indicating that the County reserves the right to reject all bids submitted.

Bid security in the amount of five percent (5%) of the bid shall be submitted with sealed bid to the Auditor-Treasurer. The bid security guarantees that in the event the bidder's offer is accepted, the bidder will enter into a contract in accordance with the proposal. Bid security of the successful bidder will be returned upon execution of the contract documents. Bid securities of unsuccessful bidders will be returned within a reasonable time period (*Minnesota Statute §574.27*). Failure of the successful bidder to execute the contract and furnish applicable bonds within ten (10) days after receiving written notice of the award shall cause the bid security to be forfeited as liquidated damages to the County. The Board of Commissioners at this time may award the contract to the next lower competent bidder unless the Board determines that public interest will be better served by accepting a higher bid, or the contract may be re-advertised.

The bids must be opened and tabulated at the time and place specified in the notice. The Board shall not approve bids until a thorough review and re-tabulation of the bids has been completed and references have been checked where appropriate.

A recommendation can then be made to the Board of Commissioners, and the Board will award or deny the contract. Bids rejected by the Board must be kept on file for 6 years and retained in the departmental project file.

Other Bidding Reminders:

- The County cannot avoid bidding requirements by splitting a contract into several contracts, each of which is below the minimum amount requiring bids.
  - For example, the County cannot purchase \$200,000 of lumber in several transactions, each involving an expenditure of less than \$175,000. However, if materials or work logically fall into two separate contracts because they involve separate transactions, as for the service of contractors specializing in different kinds of work, there is no reason why the County cannot negotiate the contracts individually without sealed bids if the bids do not exceed the \$175,000 minimum.
- The proposals and specifications must allow for free and full competition. Specifications may not be written so as to exclude all but one type or kind of supplies or equipment.
- The County may not accept a bid that includes a number of items when the advertisement called for separate bids for each item.
- The County must re-bid when they make a material change in the specifications of the contract, even if the change would not affect the rank order of the bids received. With respect to contracts awarded on a unit price, after work has been commenced on the improvement undertaken, the board may, without advertising for bids, authorize changes in the contract so as to include additional units of work at the same unit price if the cost of the additional work does not exceed 25 percent of the original contract price. Original contract price means that figure determined by multiplying the estimated number of units required by the unit price.
- *Minnesota Statutes Chapter 429* (local improvement code) applies to all public improvement contracts (i.e., sewer, water and streets) being financed with special assessments.
- Counties are not required by statute to follow the competitive bidding process for the following types of contracts: professional services, insurance contracts, reverse auctions, purchases from other government agencies, real estate, cooperative purchasing allowed under Minn. Stat. §429.041 and public safety equipment.
- Highway Department should follow appropriate guidelines laid out in State Aid Manual for State and Federally aided projects.

## Awarding Contracts

For contracts procured through sealed bids or multiple quotes, the County must award the contract to the lowest responsible bidder. The bidder who submits the lowest bid or quote in dollars is not necessarily the “lowest responsible bidder.” Responsibility in bids means financial responsibility, but also integrity, skill, and the likelihood of the bidder doing faithful and satisfactory work. A contract must be awarded to the lowest responsible bidder unless the “Best Value” alternative set forth below is followed.

### Rejecting Bids

The County has the right to reject any and all bids (requests for proposals, requests for bids, sealed bids). All data submitted in response to bid requests are private until bids are opened. If bids are rejected prior to the completion of the evaluation or selection process, all data, other than that made public at the bid opening, remain private until a re-solicitation of bids results in completion of the selection process. If the rejection occurs after the completion of the selection process, the data remains public. If a re-solicitation of bids does not occur within one year of the bid opening date, the remaining data becomes public.

### “Best Value” Procurement Alternative

*Minnesota Statute 471.345* allows the County to use a “Best Value” alternative instead of awarding the bid to the lowest responsible bidder. Best value procurement is a process based on competitive proposals that awards the contract to the vendor or contractor offering the best value, taking into account the specifications of the request for proposals, the price and specific performance criteria. Consulting with the County Attorney will occur if you choose to use the “Best Value” alternative.

### State Contract Purchases

Cooperative purchasing contracts provide an opportunity for the County to purchase goods and services at reduced costs. The State of Minnesota periodically establishes specifications and publicly bid for various commodities and services. The County is empowered to make purchases under such cooperative purchasing arrangements and may purchase from this contract without otherwise rebidding or receiving quotations. It is still required to receive the appropriate approvals.

If the County is not utilizing the state's cooperative purchasing venture, the County may consider another national municipal association's purchasing alliance or cooperative created by a joint powers agreement that purchases items from more than one source on the basis of competitive bids or competitive quotations.

### Guaranteed Energy Savings Agreements

State Statutes authorize the County to enter into a guaranteed energy savings agreement with a qualified provider for the purpose of implementing comprehensive utility cost-saving measures to improve the energy efficiency of various municipal facilities within the County so long as the implementation costs will not exceed the amount to be saved in utility and maintenance costs over a twenty year period with said utility and maintenance cost savings guaranteed in writing by the qualified provider. The County shall follow all requirements as prescribed in Statute related to this authority to enter into Guaranteed Energy Savings Agreements.

### IC – 134 - Withholding Certificates

No state agency or local unit of government can make final payment to a contractor until the

Department of Revenue has certified that the contractor and any subcontractor have fulfilled the requirements of Minnesota withholding tax laws. The terms “contractor” and “subcontractor” are limited to those who supply labor, or a combination of labor and materials for specific construction, repairs, rehabilitation or improvements. The terms do not include dealers, merchants, suppliers or contractors who only supply materials. On-going maintenance services (such as mowing, road grading, or snowplowing) are excluded from this requirement. Contractors and subcontractors show compliance by submitting a withholding affidavit to the Minnesota Department of Revenue. If a contractor or subcontractor has withheld taxes as required, the Department of Revenue will return an electronic confirmation or sign and return the Form IC-134, certifying compliance. Accounts Payable will need a copy of the IC-134 prior to making final payment. Work with the Minnesota Department of Revenue if a contract or a subcontractor are not cooperative in complying with IC-134 requirements.

### Responsible Contractor Compliance

A contractor responding to a solicitation document of a contracting authority shall submit to the contracting authority a signed statement under oath by an owner or officer verifying compliance with each of the minimum criteria in *subdivision 3 of Minnesota Statute 16C.285*, with the exception of clause (7), at the time that it responds to the solicitation document. A contracting authority may accept a signed statement under oath as sufficient to demonstrate that a contractor is a responsible contractor and shall not be held liable for awarding a contract in reasonable reliance on that statement. A prime contractor, subcontractor, or motor carrier that fails to verify compliance with any one of the required minimum criteria or makes a false statement under oath in a verification of compliance shall be ineligible to be awarded a construction contract on the project for which the verification was submitted. A false statement under oath verifying compliance with any of the minimum criteria may result in termination of a construction contract that has already been awarded to a prime contractor or subcontractor or motor carrier that submits a false statement. A contracting authority shall not be liable for declining to award a contract or terminating a contract based on a reasonable determination that contractor failed to verify compliance with the minimum criteria or falsely stated that it meets the minimum criteria. A verification of compliance need not be notarized. An electronic verification of compliance made and submitted as part of an electronic bid shall be an acceptable verification of compliance under this section, provided that it contains an electronic signature as defined in section 325L.02, paragraph (h) of *Minnesota Statutes 16C.285*.

### Certificate of Insurance

Before beginning work on a contract, the Contractor must submit to the County, and obtain the County’s approval, a certificate of insurance. This certificate shall be composed of a Standard Form C.I.C.C.-701 or an ACORD 25 form. The certificate of insurance shall list the County as the policies additional insured and shall be maintained at all times throughout the life of the contract and provide for the following minimum coverage.

- Comprehensive General Liability: \$1,000,000.00 per occurrence; \$2,000,000 aggregate
- Automobile Liability for All Automobiles: \$1,000,000.00 combined single limit
- Workman’s Compensation: Statutory Amounts

The insurance cancellation language should state that the company will provide the County with 30 days' written notice of cancellation (include this requirement in bid specifications if applicable).

## Change Orders

The contract cost, once established by the Board, shall represent the maximum obligation to the County. Any change orders which affect the cost of the contract shall be reviewed by the County Board and County Representative managing the contract. The County Administrator has the authority to and may authorize and approve any change order up to \$25,000 within the contingency and submit a report to the Board of Commissioners. For change orders above \$25,000, the County Administrator will forward the justification for the change order to the Board for approval. In no event will payment in excess of the contract cost be made until such approval has been obtained. With respect to contracts awarded on a unit price, after work has been commenced on the improvement undertaken, the board may, without advertising for bids, authorize changes in the contract so as to include additional units of work at the same unit price if the cost of the additional work does not exceed 25 percent of the original contract price. Original contract price means that figure determined by multiplying the estimated number of units required by the unit price. Change orders to contracts in the Highway Department will follow the chart "Approval Process for Highway Department Purchases".

## Supplementary Agreements

Any supplementary agreement, excluding a change order, which enlarges, reduces or amends the scope of the contract shall be reviewed by the County Administrator and County Representative managing the contract. The County Administrator has the authority to and may authorize and approve any supplementary agreement or agreements up to \$25,000, provided that such authority shall not apply to supplementary agreements for contracts for improvements financed by bonds issued pursuant to the provision of *Minnesota Statutes, Chapter 429*. The County Administrator, as soon as practicable after approval of any supplementary agreement shall prepare and submit a report to Board of Commission.

## Purchase or Lease of Used Public Safety Equipment

Counties are granted authority to lease, or purchase used public safety equipment ("vehicles and specialized equipment used by a fire department, in firefighting, ambulance and emergency medical treatment services, rescue, and hazardous materials response") without bidding in certain specified circumstances. Competitive bidding or proposals are not required, "if the equipment is clearly and legitimately limited to a single source of supply, and the contract price may be best established by direct negotiation."

## Contracts, Leases and Lease Purchases

All contractual, lease and lease purchase agreements require review and approval from the County Administrator. The County Administrator may elect to consult with various internal and external professional resources to evaluate risk, legality and consistency of a contract, lease or lease purchase. Lease Performance Bonds are sometimes prudent for lease purchases; if you are unsure whether a Lease Performance Bond should be required, consult the County Attorney.

## Personal/Professional Services Agreements/Contracts

The County may enter into professional services agreement contracts with individuals and entities to perform certain functions for the County.

All new and renewed agreements/contracts must first be reviewed by the County Attorney and then approved by the Board of Commissioners.

Any new contract over \$175,000 must go through sealed bids or a formal Request for Proposal process. If an existing or renewed professional services contract exceeds the \$175,000 mark, the bid and RFP process may be waived, but the proposed contract must still come before the Board for approval.

### Federal Awards

Under Uniform Guidance there are additional procurement requirements that need to be considered when making purchases related to a federal program. Departments need to consider the full requirements in relation to each procurement method as described in 2 CFR 200.317–326.

### Quick Reference Guide to Federal Awards Governed by Uniform Guidance

Value of Contract	Solicitation Process
Less than \$10,000	Quotation (two, if practicable) or open market
\$10,000–\$175,000 <sup>1</sup>	Direct negotiation (at least two written quotes)
Greater than \$175,000 <sup>1</sup>	Competitive Bidding (sealed bids) required

<sup>1</sup> Federal guidelines are less restrictive than MN State Statute. These amounts represent the more restrictive State Statute guidelines which should be followed.

### Credit Cards

Credit cards will be issued to departments and various divisions as deemed necessary for use during emergencies, employee travel, online purchase(s) or unpredictable circumstances. Each Credit card, unless otherwise authorized by the County Board, will contain a maximum limit not to exceed \$5,000. These limits can be increased with a request, accompanied by a demonstrated need, to the Auditor/Treasurer or his/her designee. All credit cards will be processed in the County financial software by the 10<sup>th</sup> day of the month. Credit cards is subject to the purchasing policy and the spending thresholds established within leases.

Credit cards shall not be utilized for any purchase of goods and/or services associated with contracts, or unapproved travel related expenditure as outlined in the Le Sueur County Personnel Policy.

Credit cards cannot be used for personal use.

Failure to adhere to the provisions associated above will result in additional user(s) training and/or revoking utilization of Le Sueur County purchase cards.

Refer to personnel policy and credit card policy for further details.

### Emergency Purchases

During a declared emergency, the County is, notwithstanding any statutory or statutory provisions to the contrary, empowered, through the Board, acting within or without the corporate limits of the



County, to enter into contracts and incur obligations necessary to combat disaster by protecting the health and safety of persons and property and providing emergency assistance to the victims of such disaster.

In the event of a declared emergency, Le Sueur County may exceed its delegated purchasing authority and does not need to follow the solicitation process as specified in the emergency management state statutes. These statutes give Counties the ability to declare an emergency for a limited period of time and waive the requirement to use mandated contracting procedures.

Only what is needed to expeditiously reestablish the functions of government, the protection of property, or the health or safety of people is eligible for the emergency authority exception.

## Sales Tax

Purchases made by the County are generally not taxable. Purchases must be billed to and paid for by the County. Purchases made by employees are taxable, even if reimbursed. To purchase items, exempt from tax, the vendor must be given a completed ST3 Certificate of Exemption form.

Some items remain taxable such as some motor vehicles, prepared food, lodging, construction materials and supplies purchased by a contractor or subcontractor under a lump-sum contract. Please review the sales tax exemption guidelines for governments on the [MN Department of Revenue website](#). If an invoice does not itemize sales tax, you must obtain a corrected invoice from the vendor if sales tax is applicable on the item purchased.

## Out of State Purchases

Sales tax is part of the total cost. Even though some purchases are made from an out of state vendor, the County is required to submit to the State of Minnesota use tax for applicable taxable items invoiced without the tax.

## Drainage System Projects

The Ditch Manager/Inspector has the authority to initiate any ditch work that is \$25,000 or less for repairs and work with preferred contractors. All other repair work above \$25,000 must go before the Drainage Authority for approval and bids received.

When an existing project reaches the \$25,000 mark, and there is additional work to be completed, the Ditch Manager/Inspector has the authority to work with the County Administrator for approval up to an additional \$15,000. This option should only be exercised for extraneous circumstances, such as when waiting for a County Board Meeting may cause additional damage to the drainage system, or there is clear weather or contractor-related issues.

Before this option is exercised, the County Administrator/Ditch Manager will consult with the County Commissioner(s) that represents the ditch system. If work is approved, the County Administrator/Ditch Manager will provide information on the approval at the next available board meeting.

Under Minnesota Statute 471.345, when contracts exceed \$175,000, sealed bids will be solicited by public notice from Le Sueur County. If a contract exceeds \$25,000 but not \$175,000, the contract may be made either upon sealed bids or by direct negotiation. Two or more quotes must be obtained

if using direct negotiation. Quotes obtained must be kept on file for at least one year. If a contract is \$25,000 or less, the contract may be made either via quotes or in the open market. If made with quotes, two quotes, if obtained, must be kept on file for one year. Under Minnesota Statute 103E.505, bids that exceed the total estimated cost of construction by more than 30 percent may not be accepted.

### 1099 Information

The County is obligated to report to the Internal Revenue Service payments to an individual or partnership for services rendered that exceed \$600 in a calendar year. To do so, the County needs the recipient's business tax identification number or social security number. This tax information should be collected on a [W-9](#) form and provided to the Auditor/Treasurer when a new vendor is used. Vendors who should receive a 1099 are noted when they are entered into the financial management software.

## Receipts Policy

Adopted January 2, 2024

### Purpose:

This policy is designed to create a uniform receipting structure in order to prevent the loss of County assets, improve efficiency between departments and the County Auditor-Treasurer's Office and to create accountability for departments who receipt monies. The general purposes for cash management are (a) to maximize the revenue accruing to the county through the investment of County funds and trust monies to the extent allowed by law; (b) minimize the clerical efforts required to handle, process, and account for all monies received; (c) maximize the accountability for monies received.

### Receipts Policy:

It is the policy of the county that all monies at a *minimum* must be deposited to the County Auditor-Treasurer's Office once a week but preferably on a daily basis using appropriate account codes. Each department head will be accountable and held responsible for the safekeeping of all monies received by their respective office(s) and the prompt transfer to the Auditor-Treasurer.

### Receipts Procedures:

1. Receipts are entered into the Auditor-Treasurer's Cash Register System by the County Auditor-Treasurer's Office using the County Receipt Form or form designed specific to a department. Receipts are issued by the Auditor-Treasurer's Office upon entry into a cash register system which is sequentially numbered by the system.
2. Each cash drawer is balanced on a daily basis by the County Auditor-Treasurer's Office. After balancing, a daily bank deposit is prepared and sent to the County's bank.
3. A receipt batch is created from the Auditor-Treasurer's cash register system when each drawer is balanced. The Auditor-Treasurer's cash register system and the County financial system must then interface on a daily basis using the proper account codes that follow COFAR guidelines and other accounting standards.
4. The County Finance Director will audit each interface to see that all account and descriptions are accurate. Any errors are noted and corrected by the County Auditor-Treasurer's Office.
5. The County follows the State of Minnesota retention schedule for Receipts.

### Automated Clearing House (A.C.H.) Receipt Policy:

1. It is the policy of the county to accept payments for property tax, retiree insurance, revolving loan repayments, and other types of payments through Automated Clearing House (known as ACH), as per Minnesota Statute 471.381.
2. The cost to participate in the ACH payment program is free of charge. However, if at any time an enrollee does not have sufficient funds to cover the payment or the account has been closed, they will be terminated from the program and incur a charge of \$30.00 for a non-sufficient fund fee.

3. Enrollees will remain in the program until a written request to be withdrawn is received by the County Auditor-Treasurer's Office, or until they are required to terminate due to a violation of the program. The Auditor-Treasurer will give written notification to individuals of their inability to remain in the program.

#### Automated Clearing House (ACH) Receipt Procedure:

1. The ACH program is administered and maintained by the County Auditor-Treasurer.
2. Any individual or vendor may request to make payment by ACH by completing the proper request form and submitting them to the County Auditor-Treasurer. The forms require banking information, payment type detail and a voided check or deposit ticket provided by the payee. The form must be signed. All applications for the program are required at least three weeks prior to a scheduled debit.
3. The County financial system prepares a file for the banking institution prior to the payment date. This file includes names, bank account number, routing numbers, and amounts to be debited. The file is sent to the bank via the bank's website by the County Auditor-Treasurer. A fax or email is sent to the bank to verify the information in the file.
4. The County Auditor-Treasurer verifies all incoming ACH payments, processes payments and issues appropriate receipts.

#### Over remittance/Tolerance Policy:

1. Payments are made to the County for compensation of various taxes, fees and services. On occasion payments are made incorrectly, either an overpayment or underpayment. It has become increasingly more expensive to issue refund checks and to contact payees for the additional amount due.
  - a. The County will not issue an over remittance if such refund is \$10.00 or less.
  - b. All overpayments of \$10.00 or less will be placed into the General Fund, and for payments short by \$10.00 or less the additional due may be pulled from this account.

#### Month End Receipt Verification Procedure:

At the end of each month, all County receipts will be verified by the County Auditor-Treasurer's Office in conjunction with the Finance Director before each month is closed. The Finance Director runs a Cash Trial Balance report generated from the county financial system and compares it with the Treasurer's Trial Balance generated from the Treasurer's Financial System to ensure fund totals are equal. If there are any discrepancies between the totals, the month cannot be closed until the problem is resolved.

1. The Auditor-Treasurer's Office reserves the right to verify, change account coding, request additional information, or reject any receipt in order to conform to the COFARS, GAAP, AICPA, and other accounting guidelines. The Auditor-Treasurer's Office will notify and consult the respective department with changes and recommendations.

## Revenue Policy

Adopted \*Date\* Revised \*Date\*

### Policy

The County will provide a diversified and strong set of revenues to ensure a stable revenue system and match revenues with similar uses to ensure adequate funding for the various County services and programs over the long- term. In order to accomplish these goals, the County will do the following:

- Conservatively estimate and budget for its annual revenues by an objective, analytical process. All existing and potential revenue sources will be re-examined annually.
- Formally designate, by resolution, all Federal, State, or other grants towards a specific program or service (absent any outside legal restrictions).
- As a policy, County Program Aid (CPA) is evenly divided between the General Fund and Road and Bridge Fund.
- Strive to establish all user charges and fees for General Fund program activities at a level related to the full cost of providing the services, or as adjusted for particular program goals. The County will review the full cost of activities supported by user fees to identify the impact of inflation and other cost increases and will review these fees along with the resulting net property tax costs during the budget process. Sensitivity to market rates will also be considered in setting fees.
- Set fees and user charges for each enterprise fund such as, sewer, or at a level that fully supports the total direct and indirect cost of the activity, including depreciation of capital assets and debt service, to maintain a positive cash flow and provide adequate working capital. Replacement (or bonding for replacement) of enterprise infrastructure will be paid for from accumulated (or annual) earnings of the respective system.

### Revenue Collections

Departments should exercise prudent cash management in the handling of cash receipts. "Cash" receipts refer to all revenue collected in the form of cash, coin, checks and credit cards. The following steps should be taken to ensure proper cash handling:

- **Safeguarded.** All revenue received at each location should be adequately safeguarded at all times. Until deposited, all revenue collections should be kept in locked drawers, cash boxes or a locked safe.
- **Timely receipting.** Revenue collected throughout the day should be properly receipted and/or documented at the time the transaction occurred.
- **Daily cash counts.** At the end of each day, two employees must count the cash. A register or other supporting documentation should be printed and reconciled to the cash counted. Any discrepancies should be researched and resolved or reported to Finance immediately.

- **Deposits brought to Auditor-Treasurer daily.** A daily deposit should be prepared brought to the Auditor-Treasurer daily. Deposits are then made at the bank(s) by auditor-treasurer staff daily.
- **Communication with Finance.** New revenue sources should be communicated to Finance. No cash, other than approved petty cash, can be held within a department unless it is approved by the Auditor-Treasurer.

## Risk Management

Adopted January 2, 2024

The risk management program will minimize the impact of legal liabilities, natural disasters or other emergencies through the following activities.

- Loss prevention – prevent losses where possible.
- Loss control – reduce or mitigate losses.
- Loss financing – provide a means to finance losses.
- Loss information management – collect and analyze data to make prudent prevention, control and financing decisions.

In the risk management program, the County will:

- Review and analyze all areas of risk to, whenever possible, avoid and reduce risks or transfer risks to other entities. Of the risks that must be retained, it shall be the policy to fund the risks which the County can afford and transfer all other risks to insurers.
- Conduct periodic educational safety and risk avoidance programs within the various departments.
- Analyze on an ongoing basis the feasibility of self-funding and other cooperative funding options in lieu of purchasing outside insurance to provide the best and most economical loss coverage available.
- Maintain the deductible amount considered prudent factoring in the relationship between the cost of insurance and the County's ability to sustain the loss.

## Write Off for Uncollectible Accounts Receivable

Adopted January 2, 2024

### Purpose:

The Write-off for Uncollectible Accounts Receivable policy will be used to provide guidance as to when an account can be taken off the list of collectible accounts. Whenever services are provided for a fee, situations can occur that make these debts uncollectible. Departments can recommend a debt be written off for active collection when it is determined it is not practical to collect. The debt may still be collectible, but not shown on the County's financial statement. This policy does not affect the County's ability to pursue legal action.

### Policy:

Accounts receivable are established based on approved fees for services. These fees are established by the Le Sueur County Board of Commissioners or state rule or statute.

Once service is provided, an account is charged in accordance with the approved fee schedule and this account balance can only be reduced or eliminated by the following actions:

1. Payment is made on the account.
2. The account was charged incorrectly, therefore original entry is corrected, and documented to show adjustment reason.
3. Approval to write-off account in accordance with procedure.

It is the policy of Le Sueur County to designate the following debt as uncollectible:

1. The debtor has been deceased for over one year with no activity on account and no other party responsible for the debt.
2. The Statute of Limitations (7 years) has been reached with no action on account.
3. The debt has been discharged in bankruptcy.
4. The debt is insignificant, from the prior calendar year or earlier, and collection efforts will exceed the amount recoverable.

Further, for claims in the Department of Human Services, it is the policy of Le Sueur County to designate the following debt as uncollectible:

5. When the debt is the sole responsibility of a debtor who resides in a long term care facility, there is no prognosis for a return to residential living in the community and there is no estate to repay the debt.
6. When initial notification on debt occurred at least 10 years previous, there has been no recovery in the last six years and there is no docketed judgment.

No account will be written off while service is still being provided or materials still being purchased. Accounts for write off will be reviewed annually. When service is no longer being provided, materials are no longer being purchased, and the account meets any one of the criteria listed above, the accountant or accounting technician will initiate write off of accounts with the approval of:

1. The account is less than \$10 – Department Accounting Personnel
2. The account is more than \$10 but less than \$1000– Department Accounting Personnel and Department Head
3. The account is more than \$1000 but less than \$5,000 – County Auditor-Treasurer and County Administrator
4. The account is \$5,000 or more – County Board with majority vote



5. Adjustments to outstanding debt balances may be made only through a two-step control process, whereby, one person initiates the adjustment, and another completes it.

6.

Accounts that have been sent to the Revenue Recapture program, administered by the Department of Revenue, within the statute of limitations, will remain until the account is paid in full, or dismissed by the Department of Revenue or Department of Human Services (MAXIS claims).