

**COUNTY OF MUSKEGON
MUSKEGON COUNTY BOARD OF COMMISSIONERS
FINANCIAL POLICIES
POLICY NO. 2010-536**

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REVISION DATE: November 20, 2018

Travel Policy:

This policy applies to all Board members, elected officials, employees, and agents of the County as defined in Board Rule XVIII of the *Rules of the Muskegon County Board of Commissioners*.

Travel within the state by employees of the County shall require only the approval of their Director. Interstate travel requires that a travel authorization form be completed and prior approval must be obtained by the Administrator and Board of Commissioners Chair. The County will pay for all approved travel as long as these conditions are met:

1. If traveling by air, flights **must** be in and out of Muskegon County Airport. An exception to such rule shall be in the case of an emergency situation or if an undue delay in travel would result from the application of this rule.
2. The mode of transportation selected shall be the most economical available to provide necessary connections and to accommodate meeting schedules. County will pay for the most economical option of travel.

In the case that an employee decides to fly when it is more economical to drive, the County will only pay the expenses for driving, the employee is responsible for the difference.

Reimbursement for meals will be limited to the IRS per diem (M&IE, which is Meals and Incidental Expenses) rates. The County does not reimburse for alcoholic beverages. **Reimbursement for in-county meals for meetings including only County directors, department heads, managers and staff, is prohibited unless participants are working an extended period of time and approval has been received from the Administrator.**

Board of Commission members are eligible for reimbursement of a stipend of \$50.00 per day for travel outside the County of Muskegon, while on official County business at a limit of 15 days per calendar year.

Department Heads and staff may attend conferences, meetings and seminars pertaining to their respective field of expertise or necessitated by county business as long as sufficient funds exist within their departmental budgets.

The Muskegon County Board of Commissioners Board Rule XVIII - *Governing Claims for Personal Expenses Incurred in the Official Conduct of County Business* further

defines the County's travel rules and regulations.

Cell Phone Policy:

The County will provide cellular phone service for select employees to be used for business purposes as determined by their Director. . The purchasing of equipment must flow through the

Information Technology department and the most cost effective phone will be made available.

Nonbusiness

cell phone use shall be reimbursed by the employee. See separate Cell Phone Policy (2015-142)

Pay Correction Policy:

The County will make corrections to pay errors in the next pay, regardless of the origin of the error. However, if the error is greater than 8 hours of regular pay, an additional check may be issued to the employee in the current pay. If the error has no net pay effect, i.e. charged sick instead of vacation, even if it is greater than 8 hours, the adjustment will be made in the next pay.

The department must send a written request to payroll, either an e-mail or inter-office memo, stating the date and number of hours that need to be corrected.

Grants Policy:

A Grant Information form shall be completed and submitted with the grant request at the time Board approval is requested. A partially completed form can be submitted as a budget request to the budget office for initial review and for budget consideration. After Board approval, a completed copy of the form shall be submitted to the Accounting Office with a copy retained by the department.

No locally generated revenues will be used to replace original funding for activities, which are or have been the responsibilities of the Federal and State governments. Grant applications to fund new service programs with Federal and State funds should be reviewed by the County Board with significant consideration given to whether locally generated funds will be required to support these programs when original funding is no longer available.

Grant fund positions will automatically be sunsetted unless a majority affirmative vote by the Board of Commissioners to continue the positions is approved and the sources of continued funding are identified.

See separate Grant Management Policy and Procedure (2015-500)

Audit Policy:

A comprehensive financial audit and Federal Single Audit of the County of Muskegon shall occur annually in accordance with State and Federal regulations. Audits will be performed by certified public accountants who are licensed to practice in the State of Michigan and are in good standing with the Michigan Board of Accountancy. An audit contract will be signed for a period of not less than three and not

more than six years. The County Ways and Means committee shall serve as the audit committee and shall recommend all audit contracts and all annual financial audits of the County.

Board Held Checks Policy:

Accounts payable checks are held for Board approval. Exceptions to this policy are where the County receives a discount, where the County Board of Commissioners has given specific approval for the expenditure, where the holding of the check will cost additional funds (i.e. late fees), employee travel reimbursements, where the check is for personal services by an individual, where the check represents pass-through funds, where the check is making a payment required by an authoritative order, where the check is for community support critical relief efforts or when the County Administrator gives specific approval to release a check prior to Board approval.

Insurance and Reserve Policy:

The maintenance of insurance and reserves shall be in compliance with State, Federal and Local laws. Reserves shall only be held where there has been an actuarial completed or a third party with expertise in the area has provided a written estimate of reserves necessary in the normal course of business with the County. Excess reserves shall be returned to the funds by adjusting future charges in the same manner as was used for the initial charges.

Vendor Policy:

A completed Federal Form W-9 (*“Request for Taxpayer Identification Number and Certification”*) should be on file with the County in advance of any accounts payable payment to a business, organization or individual.

When invoices and check requests are submitted for payment, Accounting Office staff may review vendor files for a Form W-9. If a Form W-9 is not currently on file and there is a phone number or e-mail for the payee, the Accounting Office may contact the vendor to request the Form W-9. If there is not a phone number or e-mail, the employee who approved the payment may be advised that payment is being withheld until a completed Form W-9 is received.

Procurement Policy:

The purchase of services, equipment, and other supplies shall be in accordance with the written Procurement Policy and Procedures Manual (2018-330) y as adopted by the Board of Commissioners. The main components of this policy are as follows:

- Budgeted expenditures of \$3,499.99 and less do not require a Purchase Order. Use of a County issued purchase card is encouraged for purchases at this level in accordance with the purchasing card policy.
- Budgeted expenditures of \$3,500.00 to \$24,999.99 shall be secured through open market solicitation and, if practical, be based upon at least three (3) department collected written quotes and require a purchase requisition with department’s internal required approvals which may include the Department Head,

Elected Official or Court Administrator approval.

- Expenditures between \$25,000.00 and \$149,999.99 require three (3) procurement collected written quotations and authorized by the appropriate County Board. Upon receipt of the formal quotations and the appropriate Board approval, a purchase requisition can be entered with department's internal required approvals which may include the Department Head, Elected Official or Court Administrator approval.
- Expenditures expected to cost \$150,000.001 or more require competitive formal solicitations. The formal solicitations are completed by the Procurement Office with the Finance Director's authorization and the approval of the Board of Commissioners.

It is the responsibility of the Department Head, Elected Official or Court Administrator to set internal approvals.

All purchases \$3,500.00 and over require the approval of the Procurement Office staff prior to making the purchase of the product or service. Approval by the Procurement Office will be made in accordance with the procedures set by the Director of Finance.

Administrator's Spending Authority:

The County Administrator has authority to expend sums up to \$1,000 on his/her own authority. Prior to expending amounts in excess of \$1,000 but no more than \$15,000, the Administrator will consult and fully apprise the County Board Chair of the purpose of the proposed expenditure. With the Board Chair's approval, the Administrator is authorized to proceed with the expenditure but is required to report it to the Board of Commissioners within 30 days. See separate Administrator's Spending Authority Policy (2016-08)

Unallowable Purchases:

No expenditure shall be paid or reimbursed by public funds if it meets the Michigan Treasury Department definition of an unlawful expenditure. Examples include - but are not limited to - office refreshments, picnics, presents to officials or employees, and retirement recognition events.

Encumbrance Policy:

All encumbrances for approved purchase orders to a vendor, lapse at fiscal year end with the exception of the Public Health department and major multi-year capital projects.

Accounts Receivable and Debt Recovery Policy:

A policy for the collection of unpaid debts owed the County of Muskegon has been established by board motion 2004-316 and adopted on July 22, 2004, and last amended on November 19, 2009. When amounts are \$500 or more, Corporate Counsel shall be responsible for filing of lawsuits in either District or Circuit Court for the departments. All other collection actions shall be done by the department responsible for the establishment of the receivable. Amounts of less than \$500 can be written off administratively.

Debt Policy:

It is County policy to not issue debt to finance on-going operations. Debt may be issued to finance the construction of water and sewer disposal systems, buildings and infrastructure improvements, and to refund previously issued bonds. The County may pledge its full faith and credit behind these debt issues. These issues are only approved if the issuer has an established revenue stream to make the principal and interest payments.

State of Michigan law states that the County shall not increase its total debt beyond 10% of its assessed valuation. Muskegon County plans to always remain under this legal debt margin limitation. In order to keep bond interest costs down, the County will also strive to maintain or improve its bond ratings with Standard & Poors Financial Services and Moody's Investors Service. See separate Debt Management Policy (2011-192)

Investment Policy:

The County Treasurer shall invest public funds in a manner, which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the County. In accordance with Public Act 20 of the Public Acts of 1943, as amended, the surplus funds of the County may be invested as follows:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated as the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h) Obligations described in (a) through (g) if purchased through an inter-local agreement under the urban cooperation act of 1967
- i) The investment pools organized under the surplus investment pool act, 1985 PA 367,

129.111 to 129.118.

j) The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.41 to 129.150.

Indirect Cost Policy:

Central services indirect costs are allocated to user departments based on an allocable basis as established in a County-wide cost allocation plan. The plan is updated annually and submitted for federal approval with indirect costs charged back to the departments, generally on a monthly basis.

Accrual of Expense Policy:

Expense accrual procedures at fiscal year-end shall follow generally accepted accounting principles (GAAP) so that expenses are recognized when goods or services have been received on or before the last day of the fiscal year.

Accrual of Revenues Policy:

Revenues accrued at year end shall follow the County's revenue recognition procedures as outlined in the Summary of Significant Accounting Policies published in the annual audited financial statements.

Fees and Charges Policy:

The County will assess fees and charges as allowed by Federal or State law or local ordinances to provide established levels of County services as determined by the Board of Commissioners or by Federal or State mandates accepted by the Board.

Use of Non-Recurring Revenues Policy:

The County's policy is to avoid the use of one-time or non-recurring revenues for operational purposes and instead transfer those revenues to the Public Improvement Fund whenever practicable to be used for funding future capital projects.

Budgetary Approval Policy:

In accordance with Public Act 621, the Uniform Budgeting and Accounting Act, the County shall adopt a budget through an annual budget process, which concludes with the approval of an annual Appropriation Ordinance by the Board of Commissioners. Budget amendments after adoption of the Appropriation Ordinance require Board approval at the fund level for all funds except the General Fund. General Fund budget amendments require Board approval at the department level.

Any position labor distribution changes, regardless of financial impact, require Board approval except for Healthwest and within the Courts.

Balanced Budget Policy:

It is County policy for all funds to have a balanced budget either by having revenues greater than or equal expenditures or by allowing the use of excess fund equity/net position For any fund falling within

the State of Michigan definition of a deficit condition, a deficit elimination plan must be submitted to the State of Michigan Treasury Department following prescribed State rules.

Appropriations Policy:

All budget appropriations adopted by the Board of Commissioners to be spent in a particular fiscal year, lapse at the end of that fiscal year. Board approval for capital projects or other capital spending follows the timing stipulated by the approving Board resolution.

Position Control Policy:

The County of Muskegon generally maintains a “one position, one person” philosophy when it comes to position control. All County position additions, deletions and changes are to be authorized by the Board of Commissioners, Healthwest Board or Chief Judge. The Human Resources department maintains County position classifications and internally numbered identification. The Human Resources Office maintains individual position control based on Board of Commissioner Authorizations. The Payroll Office maintains individual position payroll records based on Human Resources authorizations.

Capital Budget Program Policy:

The County maintains a 5 year Capital Improvement Plan which is to be reviewed and updated in the annual budget process. Since capital improvements involve large sums of capital and long-term commitments, each capital project is carefully analyzed before it becomes a component of the program. Capital improvements recommendations include specific funding sources. Capital improvement projects are only recommended for approval if the funding sources are identified and available. The County takes a systematic approach to capital improvement programming to ensure that any personnel services or operating costs affected by capital spending decisions are included in the appropriate operating budget. The County insures and maintains its capital investments in order to reduce replacement cost.

Capitalization Policy:

The County capitalizes all fixed asset purchases with local funds costing \$5,000 and over. Fixed asset purchases with Federal and State funds are capitalized at \$5,000 and over. Federal and State funds fixed asset purchases between \$1,000 and \$5,000 are inventoried for internal tracking purposes.

Capital Asset Inventory Policy:

All major capital assets will be inventoried and their condition assessed on an annual basis. The information obtained from these procedures will be used in the financial planning of future capital asset purchases or construction.

Replacement of Physical Assets Policy:

If an equipment item becomes defective while under warranty and the item is replaced by the vendor/manufacturer, the Accounting Office will record the fixed asset number of the item to be replaced, description of item, serial number, serial number of the replacement equipment, location, and vendor/manufacturer name. The replaced equipment will be

assigned a new tag number.

Purchase Card Policy:

The use of County Purchase Cards shall be in accordance with the written Purchase Card Policy (2011-329) as adopted by the Board of Commissioners. In this policy, it is the responsibility of the Department Director, Court Administrator, Elected Official, and/or designated departmental assignee will be responsible for all activities relating to purchase cards in their department including, but not limited to the following:

- a) Selection of employees authorized to use County purchase cards.
- b) Execution of the Purchase Card Cardholder Agreement between the County of Muskegon and the employee for the use and care of the purchase card, before such purchase card is placed in the employee's custody for use.
- c) Review of and proper implementation of the Purchase Card Policy and the provisions of the Purchase Card Procedures.
- d) Determination of the specific official County business for which purchase cards may be used by departmental employees.
- e) Determination of the type of categories of goods or services within the department for which the purchase cards may be used to purchase.
- f) Determination of spending authorization limits for each employee receiving a purchase card in compliance with the Purchase Card Procedures.
- g) Review and authorize all necessary documentation submitted by the employee using the County purchase card including, but not limited to:
 - i. documentation of the goods or services purchased
 - ii. the cost of the goods or services
 - iii. date of purchase
 - iv. the official County business for which purchased.

All documentation must be submitted by the employee with the monthly statement to the Department Director, Court Administrator, Elected Official and/or designated departmental assignee for approval within the timeframe outlined in the Purchase Card Procedures.

- h) Monitor the system, policies and procedures within the department to ensure employees' responsibility for the purchase cards within the department and immediately notify the Program Administrator in the Accounting Office of any fraudulent or irresponsible use of purchase cards.

Unassigned General Fund Balance Policy:

The County of Muskegon shall strive to maintain a General Fund unassigned fund balance to provide a cushion for revenue shortfalls and emergencies. Based on prior year General Fund expenditures plus transfers out excluding extraordinary items, the target for the County is to have a 14-19 percent unassigned fund balance . In the event that the General Fund unassigned fund balance falls below 14-19 percent, the Board shall include in its financial priorities the objective of rebuilding the fund reserve back to the targeted 14-19 percent.

Fund Balance Policy:

In classifying components of fund balance of governmental funds presented in the audited financial statements, the County will follow the provisions of Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, including any subsequent GASB modifications.