

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

II. 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.

III. 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.

IV. 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.

V. Administrator's Spending Authority:

See separate Administrator's Spending Authority Policy (2016-08).

VI. 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.

VII. 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.

VIII. 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.

The Administrator may authorize transfers of budget within the Appropriation Ordinance (this must be outlined in the Appropriation Ordinance). Transfers must be communicated with the Board of Commissioners at the earliest available opportunity.

IX. 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.

X. 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.

XI. Capitalization Policy:

The County capitalizes all fixed asset purchases with local funds costing \$25,000 and over. Fixed asset purchases with Federal and State funds are capitalized at \$25,000 and over.

Federal and State funds fixed asset purchases between \$5,000 and \$25,000 are inventoried for internal tracking purposes.

XII. Cell Phone Policy:

See separate Cell Phone Policy (2015-142)

XIII. Debt Policy:

See separate Debt Management Policy (2011-192)

XIV. Encumbrance Policy:

All encumbrances for approved purchase orders to a vendor, lapse at fiscal year-end.

XV. Expenditure Approval:

County expenditures are approved through the Appropriation Ordinance approval. See the Budgetary Approval Policy for amendments to the Appropriation Ordinance.

XVI. 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.

XVII. 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.

XVIII. Grants Policy:

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

XIX. 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.

XX. 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.

XXI. 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.

XXII. Pay Correction Policy:

The County will make corrections to pay errors in the pay immediately following notification of the error, 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 or a payment arrangement may be negotiated with the employee. 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.

XXIII. 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.

XXIV. Procurement Policy:

See separate Procurement Policy and Procedures manual (2018-330)

XXV. 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.

XXVI. 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.

XXVII. Travel Policy:

The complete Travel Policy applies to all Board members, elected officials, employees, and agents of the County and is defined in Board Rule XVIII of the Rules of the Muskegon County Board of Commissioners.

XXVIII. 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.

XXIX. Use of Capital Asset Revenues Policy:

The County's policy is to avoid the use of capital asset sale revenues for operational purposes and instead transfer those revenues to the Public Improvement Fund whenever practicable to be used for funding future capital projects.

XXX. 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.

XXXI. 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 or the form is outdated the Accounting Office may request one be submitted or withhold payments until a current completed Form W-9 is received.