

**CALHOUN COUNTY
BOARD OF COMMISSIONERS
POLICY STATEMENT**

SUBJECT: GENERAL FISCAL	DATE APPROVED: 6/2/2022	EFFECTIVE: 6/2/22	POLICY NO. 285
		REPLACES: Policy 285 of 8/17/00	

I. PURPOSE: The purpose of this policy is to define the accounting practices and procedures that will ensure timely and accurate reporting of the financial condition of Calhoun County.

II. AUTHORITY: The Calhoun County Board of Commissioners.

III. RESPONSIBILITY: The Office of the Administrator/Controller, as the County’s Chief Financial Officer, shall be responsible for the implementation and administration of this policy. This policy applies to all Calhoun County employees and Elected Officials.

IV. POLICY: The County shall maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principles (GAAP) applicable to local units of government as promulgated by the Government Accounting Standards Board (GASB). The County will comply with the requirements of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”).

A. GENERAL ACCOUNTING AND FINANCIAL MANAGEMENT:

- i. The Office of the Administrator - Finance Department will project annual revenues for a three-year period and update these projections annually in accordance with M.C.L. 141.421 et. seq. Existing and potential revenue sources will be reviewed annually with the respective Elected Official/Department Head to determine the accuracy of the projection.
- ii. The County Board of Commissioners shall maintain a sound equalization review system to maintain property values at current levels. Property values will be assessed at 50% of true market value in accordance with the State of Michigan Constitutional and statutory requirements.
- iii. Elected Officials/Department Heads shall establish all user charges and fees where permitted by statute or ordinance. When possible, user charges and fees will be established at levels consistent with the cost of providing those services. It is the responsibility of each Elected Official/Department Head to annually review their departmental fee schedule and revise it when inflation and other costs are not covered. All changes to fee schedules shall be presented to the Board of Commissioners for approval.
- iv. The Board of Commissioners will contract annually with an independent CPA firm for the purposes of conducting the County’s external financial audit. To

the extent that the County has expended federal awards in excess of \$750,000, the County will have a single audit performed in accordance with the Uniform Guidance. To ensure continuing compliance with all applicable accounting requirements, the County may, at its discretion, contract with a CPA firm to provide internal auditing and/or consulting services.

- v. In addition to the Federal Uniform Guidance Policies and Procedure Manual, the Finance Department shall maintain all finance related Official Policies adopted by the Board of Commissioners and ensure they are available via the County website at:

https://www.calhouncountymi.gov/departments/board_of_commissioners/county_policies.php

B. RECORD KEEPING:

- i. The Office of the Administrator/Controller – Finance Department shall be responsible for the maintenance of all accounting and financial records (including journals, timesheets, bank statements, audit reports, and similar documents). The computerized accounting system shall maintain records on a basis consistent with accepted standards for local units of government according to the Government Accounting Standards Board (GASB). All such records shall be retained as required by contractual or regulatory requirements as described in County Policy 270 “Enhanced Access to Public Records Act.”
- ii. General journal entries will be an allowable transaction type for recording: corrections and adjustments, accruals and reversing entries, interfund activity, interbank activity, EFT payments, ACH transfers, etc., to the extent that the entries can be reasonably supported.
- iii. All general journal entries will be filed sequentially with adequate supporting documentation. Accurate records of the person responsible for entry will be retained via the computerized accounting system.
- iv. All entries should be subject to review and approval by an independent administrator or employee. Accurate record of the approval will be evidenced and retained via the computerized accounting system.
- v. The ability to post general journal entries in the accounting system will be limited to specific employees.

C. YEAR-END CLOSING, REPORTING AND AUDIT: The County’s fiscal year end for external reporting purposes will be December 31.

- i. Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period:
 - a. Accounts Payable Disbursements – Invoices for goods or services received during the previous fiscal year will be recorded as expense/accounts payable as of year-end. Such determinations will be made by the Finance Department and reviewed for accuracy and completeness by the Finance Director or Deputy Finance Director.

- b. Payroll-related Accruals – Costs of hourly personnel paid after year end for services performed during the previous year will be recorded as expenditures/salaries payable at year end. The amount will be based on hours worked during the fiscal year multiplied by the employee’s hourly rate. Additional consideration will be made for FICA taxes, retirement benefits, health insurance, and related employee benefits.
 - c. Payroll accruals will be prepared and documented by the Finance Department and reviewed by the Finance Director or Deputy Finance Director.
 - d. Prepaids – Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of year-end. The County may elect to not record prepaid items in governmental funds in accordance with GASB Codification 1600.127 Other Expenditure Recognition Alternatives.
 - e. Inventory – If deemed material, a physical inventory will be performed at year end. Amounts will be valued at current cost and provided to the Finance Department for review and adjustment in the general ledger.
 - f. Receivables – General – Cash received after year-end for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable. All such adjustments will be supported by appropriate documentation, such as remittance advices or dated subledgers.
 - g. Receivables – Grant – After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of year-end as revenue/grants receivable. Grant receivables will only be recorded to the extent that sufficient amounts remain in the grant award. Expenditures that will not be reimbursed through grant awards due to lack of available funding will be transferred to a non-grant cost center or covered by a transfer in appropriation.
- ii. The preparation of the year-end financial statements in accordance with GAAP will be outsourced to the independent external auditors, based on the County’s trial balance. The draft financial statements provided by the auditors will be reviewed in detail by the Finance Department, along with any audit-proposed journal entries, to ensure that the audited financial statements agree to the County’s books and records.
 - iii. To the extent that the County is required to have a single audit completed in accordance with the Uniform Guidance, the County will accumulate the information necessary to prepare a schedule of expenditures of federal awards (SEFA or “the schedule”) in accordance with Federal and State requirements. This schedule will be characterized as follows:

- a. The schedule will include all federal financial assistance, including: grants, contracts, property, loans, loan guarantees, interest subsidies, cooperative agreements, insurance, or direct appropriations. Amounts will be reported whether received directly from the Federal government or through a pass-through agency (given that the County is determined to be a subrecipient and not a contractor).
- b. Non-cash assistance (such as food commodities) will be described as such in the schedule or in the notes to the schedule.
- c. The schedule will be prepared on the same basis of accounting as the related financial statements.
- d. Federal awards will be grouped based on Federal awarding agency. Each Federal award with current expenditures will be listed along with its CFDA number, pass-through grantor name (if applicable) and award/pass-through grantor number (if applicable). Such information will agree to the award documentation.
- e. If the CFDA number of a Federal award cannot be reasonably determined, it shall be reported in the schedule using the two-digit prefix for the related Federal agency, followed by “UNKNOWN”.
- f. In addition to current year expenditures, the schedule will list approved award/grant amount, accrued/deferred revenue at the beginning of the year, current year cash received, current year actual expenditures, and accrued/deferred revenue at the end of the year. If expenditures were incurred relative to this award in the prior year(s), this amount should be disclosed as memorandum-only.
- g. Any adjustments to prior year awards, expenditures, and balances (including transfers between grants) will be disclosed in the footnotes to the schedule.
- h. Accrued/deferred revenue in the schedule shall agree to the amounts recorded as receivable/deferrals in the related financial statements.
- i. To the extent that a separate line item is included in the financial statements for Federal revenue, this amount shall agree to expenditures in the schedule. Any reconciling items will be disclosed in the footnotes to the schedule.

D. CONFLICT OF INTEREST:

- i. Board members will disclose any conflict of interest (whether in fact or in appearance). When a member of the Board determines that the possibility of a person interest conflict exists, he/she should, prior to the matter being considered, disclose his/her interest in a public meeting (which will be noted in the official meeting minutes). The individual shall abstain from discussing or voting on this matter.

- ii. Any related party transactions will be disclosed as part of the annual audit.
- iii. Board members and County employees (including contractual employees through the County's staffing company) will not accept money or gifts from current or potential contractor of the County if such items are valued in excess of the threshold published annually by the State of Michigan.
- iv. County employees (including contractual employees through the County's staffing company) are prohibited from using County equipment, materials, and supplies for personal benefit.