Table of Contents

Section 1. Accounting Policy

1.01 Overview

(a) The County will maintain a system of financial management, control and reporting for all operations, departments, and funds to support overall County goals and objectives. This system will be used to instill confidence in the County's citizens that the County is well managed and fiscally sound.

(b) General Accepted Accounting Principles (GAAP) – The County will maintain its account records and report on its financial condition and results of operations in accordance with State and Federal laws and regulations, and GAAP.

(c) Independent Audit – An independent firm of certified public accountants will annually perform a financial and compliance audit of the County's financial statements. Their opinions will be contained in the County's Comprehensive Annual Financial Report (CAFR), and the Report on Compliance with the Single Audit Act of 1984, if required based on Federal funding levels.

1.02 Accounting Internal Control Structure

The County will maintain an internal control structure consisting of three elements:

(a) Control Environment – Consisting of an "overall attitude and awareness of actions" as the influence the County. The management and staff shall consider all the financial implications of decisions, both current and long-term.

(b) Accounting System – An effective accounting system will result in the following:

(i) Identification and recording of all valid transactions.

(ii) Description on a timely basis of the type of transaction in sufficient detail to permit proper classification of the transaction for reporting purposes.

(iii) Recording the transaction in the correct time period.

(iv) Proper presentation of all transactions and related disclosures in the financial statements.

(c) Control Procedures – Consists of the following:

(i) Proper authorization of transactions and activities.

(ii) Adequate segregation of duties.

(iii) Adequate documents and records.

(iv) Adequate safeguards regarding access and use of assets and records.

(v) Independent checks on performance.

1.03 Separation and Rotation of Duties

(a) Separation and Rotation of Duties are basic premises of sound internal controls. This requires that functions should be divided so that no one person has control over an entire process or fiscal activity and the functions or job assignments should be changed periodically.

(b) Separation of Duties acts as a deterrent to fraud or concealment since collusion with another individual is required to complete a fraudulent act. Responsibilities should be assigned to individuals in such a way as to encourage checks and balances. For example, no one person should be able to prepare a transaction, approve it, process it and then reconcile the accounting system. Having adequate segregation of duties has a major impact on ensuring that transactions are valid and properly recorded.

(c) Rotation of Duties is an additional deterrent to fraud. Job assignments should be changed periodically so that it is more difficult for users to collaborate to exercise complete control of a transaction and subvert it for fraudulent purposes. Rotation of duties among staff is also critical in that it facilitates cross-training and improves depth of personnel skill and succession.

(d) Department heads shall manage their personnel to ensure assignment of duties to different personnel for processing, authorizing and reconciling transactions in the accounting records for at least two consecutive weeks during each calendar year. Where separation is difficult to achieve, a high level of management oversight of the financial related activities is required as a compensating control activity.

(e) Department heads shall develop a plan to periodically have staff members rotate jobs to ensure that employees are cross-trained to perform each other's functions in case of illness, vacation, or termination.

(f) Because of the size of the County, it is anticipated that departments may need to rely upon other departments to achieve proper separation and rotation of duties. Department Heads are expected to support each other for the betterment of the County.

1.04 Reconciliations

(a) Reliable financial information is critical to making informed decisions. Reconciliation of the County's accounts on a periodic and timely basis are instrumental in verifying that all transactions are posted correctly. If accounts are not reconciled and subsequently adjusted, as necessary, decision makers may be relying on inaccurate financial information which could negatively impact the County.

(b) The County Treasurer and Finance Office will develop and maintain a reconciliation procedure for all County Finances in keeping with County Policy and GAAP. Reconciliation of each Fund should take place no less than monthly.

1.05 Required Security

(a) Encryption required – All financial information, including bank accounts, copies of checks, and ACH payment information, must be sent, received, and stored in an encrypted format.

(b) Multifactor Authentication, with a minimum of two factors is required for online access to all County Bank Accounts.

(c) Online Banking Access shall be restricted to computers dedicated for that purpose. County IT will ensure that these dedicated computes are kept up to date with security patches, antivirus protection, and any other security measures that County IT deems prudent.

1.06 Accounting Structure

(a) All County funds and operations must work to achieve the County's mission and goals. Each fund is separate fiscal and budgetary entity. Funds are set up to demonstrate stewardship and fiscal accountability for the resources entrusted to the County. The number and type of funds is guided by sound financial judgement and the requirements of County policy and State statute.

(b) The County utilizes the following types of funds in its budget:

(i) Governmental Funds

1) General Fund - This fund is the general operating fund of the County. It is used to account for all financial resources received by the County, other than those which are accounted for in another fund.

2) Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than Capital Project or Special Assessment type revenues).

3) Debt Service Funds - These funds are used to account for the accumulation of resources for the payment of principal, interest, and other costs related to the general long-term debt of the County.

4) Capital Project Funds- These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by Proprietary or Special Assessment funds).

(ii) Proprietary Funds

1) Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to that of a private business enterprise. The intent is to finance or recover the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis through the use of user charges.

2) Internal Service Funds - These funds are used to account for the goods and services that are provided by departments for the benefit of other County departments, on a cost reimbursement basis.

(c) Measurement Basis

(i) Governmental funds use the modified accrual basis of accounting. Under this basis, revenues are recognized if they are measureable and available for use. Expenditures are recognized in the period the liabilities are incurred if measureable, except for accrued interest on general long-term debt which is recognized when payment is due to bondholders.

(ii) Proprietary funds use the full accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period that the liabilities are incurred.

(d) Number of Funds – The County will minimize the number of funds, Departments, programs and account codes. The funds will be categorized by standard GAAP functional classifications. The development of new funds will be approved by resolution of the Board of County Commissioners and development of new departments, programs and line items will be approved by the Finance Office.

(e) Statement of Purpose – Each fund in the County will have a Statement of Purpose, consisting of the following:

(i) Intent – Purpose(s) of the fund.

(ii) Revenue Restrictions – Source(s) of revenues to the fund and descriptions of restrictions.

(iii) Contingency – Amount and use of contingency, if any. Contingency levels shall be based on the uncertainties associated with the purposes of the fund or project.

(iv) Reserves – Amount and purpose of required reserves. Required reserves will be based on operating needs or debt needs, prudent management requirements, and adopted County policy.

Section 2. Operating Budget

2.01 Overview

(a) The BOCC shall adopt an annual budget approving the use of public funds for the operation of the County.

(b) The BOCC shall review the proposed budget, consider public comments received and may revise or alter the budget as deemed appropriate prior to adoption.

(c) The BOCC will approve the total number of full-time equivalent (FTE) positions, which includes all positions other than those classified as temporary as defined in the Employee Handbook.

(d) The Finance Department in conjunction with the Budget Officer appointed by the BOCC shall develop, prepare, amend and audit the County's annual budget in compliance with Local Government Budget Law of Colorado as outlined in Colorado Revised Statues (C.R.S) Title 29, Article 1 as well as with generally accepting accounting principles (GAAP)

(e) Review of Efficiency and Effectiveness – The County will continually review the efficiency and effectiveness of its services to reduce costs and improve service quality. This will include a review of all existing administrative procedures and software to eliminate exception-based procedures, policies implemented to avoid compliance, special interest projects or programs that benefit less than the majority.

(f) Recover Cost of Providing Services – County operations will be run on a basis devoted to increasing efficiency of service delivery or recover the cost of providing the service by a user fee or charge.

2.02 Funds

The proposed budget shall be balanced by fund, meaning that the recommended appropriations do not exceed the combined total of estimated revenues and unreserved fund balance for each of the County's individual funds that are subject to appropriations.

2.03 Budget Appropriation and Compliance

(a) The level of budgetary control for the County is at the fund level. No spending agency shall expend, or contract to expend, amounts in excess of the funds appropriated by the BOCC at the time the budget is adopted.

(b) Administratively, operating budgets shall be controlled at the department level with departments having the authority to transfer appropriations within a department without further formal legislative action.

(c) Unencumbered and unexpended appropriations shall lapse at year end.

2.04 Guidelines

(a) Present a Balanced Budget to BOCC – The County will pay for all current expenditures with current revenues. The County will avoid budgetary procedures that balance current expenditures at the expense of the meeting future years' expenses, such as postponing maintenance and other expenditures, accruing future years' revenues, or rolling over short term debt. The exceptions to this policy would be planned equipment purchases, operation maintenance and capital projects based on accumulated funding over the years.

(b) Current Revenues to Pay for Current Expenditures – Current revenues will exceed current expenditures. Each County fund budget must identify ongoing resources that at least match expected ongoing annual requirements. One-time cash transfers and ending balances, in excess of reserves, may be applied to reserves or to fund one-time expenditures; they will not be used to fund on-going programs.

(c) Increase Efficiency in All County Operations – The County Staff will identify programs to increase efficiency to provide long–term cost savings to the County. This may include the use of technology, revised organizational structures or other tools which may be identified. Eliminating outdated practices is encouraged.

(d) Promote Investment in Our Future – The County Staff, whenever possible, will take a long-term view of investments (people and resources) and emphasize quality operations which encourage productivity for today and the future.

(e) Share Resources & Services – The County Staff will explore ways to share staff, training, resources and equipment/supplies to utilize resources more effectively.

(f) Identify Funding for New Service Levels – Proposals to add new services or increase existing services will be presented with revenue alternatives to fund or subsidize the new service levels. This includes initial costs and ongoing operations.

(g) Asset Management Plan – The budget will provide adequate maintenance of capital plant and equipment and for their orderly replacement.

(h) Employee Programs – The County recognizes employees are the most valuable asset of the organization and commits to fund this resource appropriately including adequate funding for all retirement systems, benefit packages and employee incentive programs including training.

(i) Overhead Allocations – The budget will include transfers or overhead allocations for expenditures/services in the General Fund that benefit other County funds. The formula for calculating this transfer or overhead allocation may include revenues, staff and or supplies and services. The formula shall be reviewed annually.

(j) Fund Reserves – The budget will include fund reserves as directed by County Policy.

2.05 Basis of Budgeting

(a) All funds are budgeted using the modified accrual basis of accounting, including proprietary funds. Fund budgets are prepared using the governmental model, which in essence, is as if all funds were special revenue funds. The only exception to this policy is the annual interest expense of proprietary funds which is budgeted on the accrual basis. Proprietary fund financial statements are presented using the accrual basis of accounting. When using the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

2.06 Budget Preparation

(a) Elected Officials and Director shall submit budget requests for the upcoming fiscal year in accordance with budget instructions prepared and distributed by the Finance Department by the specified date established in the budget calendar.

(b) Upon review and input of these submissions, the County Budget Officer in conjunction with the Finance Department shall prepare a proposed budget for submission to the BOCC.

(c) Upon receipt of the proposed budget, the BOCC shall publish a single notice containing all required information as outlined in Colorado Revised Statutes (C.R.S) Title 29; Article 1.

(d) After receipt of the annual budget, the BOCC will meet with each Department to approve strategic policy, identify goals and define performance measures.

(e) Budgets are adopted on a basis consistent with Colorado Revised Statutes (C.R.S) Title 29: Article 1.

2.07 Program Management and Business Planning

(a) Programs and projects will be managed in a way that helps achieve County goals and objectives and considers performance and resource constraints. The County must evaluate how new optional services impact our ability to maintain our existing services. The budget process is part of an overall program management process.

(b) Current Services

(i) Current programs should strive to make efficient use of taxpayer/ratepayer dollars. Agencies will be asked to continuously create efficiencies that result in better products for customers, reduced costs for customers, more timely service, or other measures of efficiency.

(ii) Programs will undergo reviews for achieving desired outcomes of the Board of County Commissioners. Resources for programs that are determined not to align with these priorities will be reallocated and repurposed.

(iii) Programs will be evaluated on a periodic basis. Programs that do not deliver a high quality service with an effective outcome will be recommended for modification or elimination.

(iv) Expenditures will be budgeted and accounted for in the following areas: line item, cost center or department, and fund.

(c) New Service Criteria

(i) For the purposes of this document, a new operating program is defined as a new service or significant change to an existing service for which additional funding is requested.

(ii) Proposals for programs must justify the program's necessity and how it increases the value for customers or mitigates a reduction in value for customers. New program proposals must also rule out alternative programs that may have a different operational or cost profile.

(iii) When possible, new programs should be considered within the regular budget process. New programs will require the approval of the Board of County Commissioners through the budget process.

(iv) New on-going operating program proposals will be considered using a multi-year time horizon for expenditures and revenues.

(v) New operating program proposals will include analysis for alignment with adopted County goals and objectives as well as compliance with legal mandates.

(vi) New operating program proposals will be evaluated based on available research, theory, or similar programs elsewhere.

(vii) New operating program proposals will identify anticipated benefits and will be measured against those on an annual basis.

(viii) When possible and appropriate, the County will pursue partnerships with other governments, nonprofit organizations, and private entities to help fund new programs.

2.08 Budget Management

(a) Commissioners' approval of the annual budget is based on established revenue and expenditure limits. Authority for Departments to work within the limits approved by the Commissioners is essential for efficient management of the County. Departments will not exceed the approved budget without the prior approval of the Commissioners.

(b) Purchasing and Accounting System – The County will maintain a system for monitoring the budget during the fiscal year. Adequate tools must be available to assist staff in managing the budget. The budget system will provide for budget approval before any expenditure is committed by Staff. This system shall also provide reports and inquiry systems which will be used by the Staff to prepare Commissioners' reports.

(c) Commissioners' Reports – Staff will prepare monthly reports for Commissioners' review. Additional reports will be presented in coordination with the annual budget process and financial audit. The Commissioners report will include information on revenues and expenditures, comparing actual to budget, and performance measures related to service levels.

(d) Budget Amendments – There are three methods available to modify or amend the budget as adopted by the BOCC:

(i) Budget Transfer: A budget transfer moves appropriated budget dollars within a spending agency or between spending agencies within the same fund. Budget transfers may not be used to move appropriations between funds nor may it be used to increase the level of appropriation of any given fund. Budget transfer requests must be submitted to the Finance Office and approved by the Budget Officer, before being submitted to the BOCC for final review and approval.

(ii) Supplemental Appropriation: A supplemental appropriation increases the total amount of appropriated expenditures for any given fund. These additional expenditures may be offset by unanticipated revenues or may be offset by the appropriation of available unreserved fund balance. A supplemental appropriation must be approved by the BOCC at a public meeting for which a prior public notice has been published informing citizens that an increase in appropriations over and above the adopted budget is being considered.

(iii) Revised appropriation: A revised appropriation may occur when revenues are lower than anticipated. A revised (downward) appropriation reduces the total amount of expenditures as compared to the original budget. A revised appropriation must be approved by the BOCC in accordance with CRS 29-1-108.

(e) Budget Savings – During the budget year, some expenditure savings can be realized by Departments. Commissioners encourage these efforts and as an incentive may approve policies relating to savings.

Section 3. Operations and Expenditure Administration

3.01 Overview

(a) Expenditures will be accounted for in accordance with GASB standards and monitored on a monthly basis to ensure timely and periodic reporting of costs.

(b) Actual expenditures will be accounted for consistently with adopted operating and capital budgets.

3.02 Vendors

(a) The Finance Office is authorized to develop and maintain such forms and procedures as they deem necessary for prudent and responsible vendor management. Vendor set up may be initiated by a department or by the Finance Office.

(b) To be set-up as a vendor in the County's financial system all vendors must provide their legal name and completed Form W-9.

(c) Vendors that have not provided a TIN that matches their legal name on file with the IRS shall not be set up in the County's financial system and will not receive payment.

(d) Annually a paper Form 1099-INT or Form 1099-MISC will be sent to the vendor and an electronic file will be sent to the IRS.

(e) If the vendor changes their name, address, or federal tax classification, the department shall obtain the vendor's new Form W-9, complete any updated paperwork as required by the Finance Office.

(f) If the IRS informs the County of a legal name or TIN mismatch, or if the County discovers the vendor is ineligible due to other County or IRS requirements, the vendor shall be inactivated in the County's financial system. Payments to an inactive vendor shall not be processed and paid. To be reactivated, the vendor shall submit to the Finance Office a signed Form W-9 and any other paperwork the Office may require. The information shall be verified and if accurate the vendor will be reactivated in the County's financial system.

3.03 Purchase Orders

(a) A purchase requisition and purchase order is required for the purchase of all goods and services that cannot or should not be purchased with the use of a credit card or procurement card.

(b) The Purchase Order is a legal and binding contract between the vendor and the County for the purchase and prompt payment for goods or services.

(c) All expenditures made through a check or electronic payment require a purchase order.

(d) The Purchase Requisition is a request to issue a purchase order. To obtain a Purchase Order, the Elected Official or Department Director must first prepare a Purchase Requisition to describe and authorize the purchase of items and/or services requiring the use of a Purchase Order. The Purchase Requisition also certifies that the requested funds are available. The Finance Office will develop and maintain a purchase requisition process.

(e) Standing or Blanket Purchase Orders

(i) A Blanket Purchase Order is a Purchase Order initiated for multiple purchases from the same vendor over a period of time not to exceed one (1) year. Examples include but are not limited to sand, asphalt, office supplies, gasoline, or chemicals.

(ii) As long as the total dollar amount of purchases over a one (1) year period does not exceed the applicable procurement threshold, Blanket Purchase Orders may be created without bid at the discretion of the County Administrator. Otherwise, Blanket Purchase Orders must be re-bid every twelve months and follow County Procurement Policy.

(iii) Blanket Purchase Orders may be issued for a "not to exceed" amount.

3.04 Accounts Payable

(a) Invoice Controls:

(i) All invoices shall be mailed or emailed to the Department that holds the approved contract, professional services agreement, or spending authority.

(ii) The vendor shall date, number and reference an approved contract, professional services agreement, or purchase order number on the invoice. Departments will process and approve the invoice and include correct coding before submitting it to the Finance Office.

(iii) Payments are made on original invoices received from vendors. Payments are not to be made based on statements from vendors.

(iv) All invoices received by mail or hand delivery must be stamped with the date received before being scanned into the county financial system to be processed.

(b) Advance Payments – Generally, goods and services provided to the County are paid after the receipt of such goods and services. On occasion it may be necessary to provide a known and reputable vendor with an advance payment. Such payments should be avoided whenever possible. Exceptions to the policy are at the direction of the County Administrator and may include:

(i) Books, periodicals and newspapers, including trade and professional publications

(ii) Maintenance service contracts

(iii) Vendors who offer and demonstrate substantial payment discounts

(iv) Membership dues

(v) Seminar/Conference registrations

(c) Payment Preparation – No check or other payment will be prepared for approval without an authorized purchase order, compliance with the procurement policy and adequate budget unless specifically identified in these policies.

(d) Payment Requirements – Payment Processing involves the following elements:

(i) Proper supporting documentation – proper invoice, proper obligating document (purchase order or contract/lease) or any other relevant supporting documentation.

(ii) Accuracy of payment – authorized expenditure, goods or services received, delivery of goods or service in accordance with terms of agreement, authorized approval for payment, payment in accordance with terms of agreement, payment not a duplicate, vendor name and address is accurate, quantities, unit prices and amounts are correct, payment amount is the same as requested on obligation.

(iii) Legality of payment – appropriate account cited and authorized for payment, payment in accordance with County Purchasing Policy, obligation/encumbrance incurred during time of appropriation.

(e) Positive Pay Required – Positive Pay is a cash management and fraud prevention technique that matches checks issues against those presented for payments. Any account that may be used to issue a check must have Positive Pay enabled.

(f) Reconciliation – All payments must be reconciled in the system from which they were issued. Reconciliation should occur as often as prudent and possible.

3.05 Electronic Payment (ACH) Controls

(a) Required Segregation of Duties

(i) All ACH Payments require one person to submit the payment file and a second person to authorize the release of funds. The person authorizing the release of funds must not be subordinate to the person submitting the file.

(ii) Personnel with the authority to add or edit ACH blocks or filters to bank accounts, or to monitor ban account activity, should not approve ACH payments.

(b) The County Treasurer shall designate an account or certain accounts to be used for ACH payments and block ACH transactions on any other account. Any account that is not blocked must have ACH positive pay enabled.

(c) A dollar limit on electronic payments, either per day or per transaction, will be set on ACH transactions based on the County's insurance coverage.

(d) The County Treasurer may set a dollar limit on electronic payments above which the approval of the County Treasurer, or a designee thereof, is required to release funds.

(e) The County Treasurer and the Finance Office will establish a payee verification process, up to and including account validation.

(f) ACH Remittance receipts must immediately be verified with original documentation. Reconciliation should occur as often as prudent and possible, but not less than once per month.

3.06 Expenditure Authority Delegation

(a) The County Finance Office keeps the general ledger of the County and is responsible for recording all transactions of the County, except for certain payments to other entities from the County Treasurer and recorded on the Treasurer's Books. Expending Authority may only be delegated by the Board of County Commissioners and subject to any limitations or conditions set the Board. When such delegation is made the Expending Authority is responsible for the management of funds within their department and for assuring that all transactions are reasonable, necessary, and consistent with County policies and procedures.

(b) All transactions of Expending Authorities must be recorded in the County's General Ledger.

(c) Expenditure Authority is delegated as follows by the Board of County Commissioners:

(i) The Office of the County Treasurer is authorized as an Expending Authority for the purpose of refunds and transactions made by and through the Treasurer's Clearing Account.

(ii) The Department of Human Services is authorized as an Expending Authority for the Social Services Fund.

(d) Expending Authorities may utilize an alternative account system to issue check and track transactions. However, the County Treasurer will insure that each Expending Authority issuing checks from a system not adopted by the County Finance Office, must use a separate checking account from those utilized by County Finance or another expending authority.

(e) Nothing in this policy prevents or impedes the County Treasurer's statutory authority and responsibility to manage the cash assets of the County.

(f) Subject to the process developed by the County Treasurer and the Finance Office, the accounts of each Expending Authority will be reconciled with the County General Ledger not less than monthly.

3.07 Internal Services and Reimbursements

(a) Internal Services are sales and purchases of goods and services between funds for a price approximating market rates.

(i) In accordance with GASB 34 112.a (2) these are treated as interfund services.

(ii) The service agency shall bill the user agency.

(iii) The income shall be reported as revenue in the seller department's fund and as an expenditure in the user department's fund.

(iv) The general fund interagency services may only be charged to non-general fund departments.

(v) The trust fund internal services may be charged to all funds.

(b) Interdepartmental Reimbursements are transactions that are managed by one department and reimbursed by the user department.

(i) In accordance with GASB 34 112.b (2) these are treated as repayments from the funds responsible for the particular expenditure.

(ii) These transactions will be reimbursed through a form created by the Finance Office that allows the department managing the transaction to bill the user department for the transaction.

(iii) After all department entries have been completed a year-end adjustment shall be recorded to transfer these transactions to special accounts in order to eliminate the charges for services revenue and the duplicate expenditure.

(c) If an internal service fund is created to account for cost allocation and purchasing, then in that fund cost allocations and payments for pooled purchases are treated as internal services.

Section 4. Accounts Receivable

4.01 Overview

(a) Cash represents one of the County's most sensitive assets. Controls for the collection, custodianship, and deposit of cash are necessary to prevent mishandling of funds. These controls are designed to safeguard employees against inappropriate charges of mishandling funds by defining their responsibilities and providing clear accountability in the cash handling process. The term cash includes coins, currency, checks, money orders, electronic funds transfers (EFTs), negotiable instruments (such as letters of credit) and charge card transactions.

(b) The stewardship of financial assets for the County is shared by authorized employees across departments. Various departments within the County receive cash for fees or services and are responsible for the transmittal of funds to the County Treasurer for bank deposit.

(c) Departments are expected to provide secure surroundings for employees who handle cash and to keep them informed of all County policies and procedures. The department may create more stringent guidelines specific to the department's operation, but not change or substitute the policies and procedures within this document.

(d) These policies and procedures shall be implemented to the maximum degree practicable to manage risks such as theft and manipulation of collection systems. Staff is encouraged to report errors and voice concerns about inconsistencies or inefficiencies.

(e) All employees involved in the processing of transactions involving cash are expected to be accurate and efficient when processing the transaction. Only those employees who have been specifically authorized shall perform cash handling duties. County employees receive a background check upon hire as warranted by the County Human Resources department. Also, employees involved in the cash collection process are required to sign that they have read and understand the policies and procedures of the department in which they are working as well as this document.

(f) All monies must be deposited in the form in which they were received. It is against County policy for an official or employee of the County to cash checks from public funds.

4.02 General Cash Controls

(a) Cash receipt records shall be maintained and prepared immediately for all cash received.

(b) Cash collection duties should be assigned to a specific individual or individuals within a department to establish accountability.

(c) Physical protection of funds through the use of vaults, locked cash boxes, or cash drawers shall be practiced at all times. The County Treasurer may designate standards or dictate what equipment or systems may be used for cash security.

4.03 Internal Controls

(a) Segregation of duties serves as a deterrent to fraud or concealment of errors. It is designed to protect one person from the sole responsibility for all cash handling. Ideally, the cash handling process should be separated into the following three functions:

(i) Cash Collection

1) Handling payments and receipting transactions either manually or electronically.
2) Preparing a daily balance of the collections received.
3) Performing a reconciliation of credit card receipts.
4) Preparing a Deposit Transmittal Form containing the detail of funds deposited with the County Treasurer.

(ii) Recording and Depositing

1) Preparing bank deposit and deposit slip.
2) Reviewing the applicable revenue codes in the Finance accounting system to ensure monies collected are properly recorded

(iii) Control Activity

1) Reviewing the daily cash balance.

2) Performing a reconciliation of department collections and deposits to the general ledger.

(iv) The County Treasurer performs both the depositing and recording and control activity functions of the cash handling process. The cash collection procedure must have a separate review and oversight function within the department receiving the funds.

(v) Department heads are responsible for providing employees with assigned cash handling responsibilities clear written procedures with regard to the handling and control of cash collections. Such employees must read the finance policies and sign an acknowledgement stating they have read and understand them.

4.04 Cash Collections

(a) Employees with cash handling responsibilities are expected to use the following best practices regarding cash collections:

(i) Always double count cash received.

(ii) Give written receipts for all payments.

(iii) Enter transactions properly as "cash," "check," or "credit card" in order to properly reconcile the daily transaction totals.

(iv) Inspect large bills ($20s and above) to reduce the risk of accepting counterfeit money.

4.05 Check Payments

(a) Checks must be reviewed to ensure they are written to the appropriate party and are properly dated. Checks must not be post-dated (dated in the future) or stale dated (bank deposit date more than three months from the check date).

(b) All checks are to be restrictively endorsed immediately upon receipt by the County Treasurer.

(c) Third party checks made out to one party and signed over on the back of the check to another party are not to be accepted.

(d) Checks made payable for an amount greater than the transaction cost shall not be accepted, nor change disbursed for payments made by check.

4.06 Credit Card Payments

(a) No surcharges may be placed on credit card transactions by the County to cover processing costs. The only convenience fee to be charged is that of the merchant services provider, none of which is retained by the County. Refunds for purchases made by credit card must be made by crediting the card unless the length of time between the payment and refund prohibits a refund being made to the card.

(b) For over-the-counter transactions, personal identification is required to be presented at the time of the transaction and compared to the credit card for fraud prevention. For credit card payments made by telephone, the customer's name as it appears on the credit card or debit card, telephone number, card number, expiration date, zip code, and CVV security code on the card (three-digit for Visa, MasterCard and Discover, four-digit for American Express) must be obtained. The credit card transaction must be processed at the time the customer is on the phone. Any credit card/confidential information documented in writing for reference during the phone conversation must be shredded upon completion of the credit card processing.

(c) Credit cards may be accepted in person or over the telephone, subject to authorization from the credit card company. Clearly state in the comments section of the processing screen or note on the physical copy of the receipt sent to the Clerk whether the payment was made by mail or phone.

(d) Refunds and voided transactions must be processed by the Department head or the Department head's designee.

4.07 Deposits and Reconciliations

(a) The following represent "best practices" for cash receipting and deposit processes. These guidelines are intended to represent a typical level of controls. Departmental policies may differ, but should still contain these minimum levels of control.

(b) Funds should be remitted to the County Treasurer daily for amounts over $500 with a minimum of once a week for all deposits. Remittance of credit card receipts should also follow these guidelines. Even if an employee is not sure how to record the transaction, the funds should be deposited and any errors corrected via a journal entry, either by the Treasurer or Finance Department.

(c) Customers should be given a receipt for every transaction.

(d) Receipts should be pre-numbered and the numbers should be logged and accounted for.

(e) Cash should be stored in a secure location.

(f) Deposits should reconcile to independent documentation, including copies of County issued receipts and accounting reports.

(g) A Deposit Transmittal Form should accompany each remittance to the County Treasurer. This form should be signed by the person preparing the deposit and the Treasurer's Office employee receiving the funds as verification of the amount deposited. A receipt should then be provided to the originating County employee.

(h) Management should review receipting, reconciling and transmittal of funds for deposit on a regular basis. Any discrepancy between the deposit and reconciliation must be thoroughly explained in writing by the employee who received the funds and signed by that employee's immediate supervisor or department head.

(i) Under-assessed fees should be brought to the attention of the Department Head as soon as an underpayment is discovered. All practicable efforts should be made to collect outstanding balances in coordination with the Department Head, County Administrator, and County Attorney as needed.

4.08 Refunds

(a) Fees paid in error or amounts paid incorrectly due to miscalculations must be refunded in an expedient manner.

(b) Refunds for amounts over $10.00 will be initiated by staff within five (5) business days of discovering the incorrect payment.

(c) Procedures for processing refunds may be developed as needed by individual departments.

Section 5. Financial Planning Policies

5.01 Introduction

(a) A long-range plan (LRP) that estimates revenue and expenditure activity in the County, as impacted by regional and national economies, is necessary to support the Commissioners and Community in the decisions they make regarding County services. This planning must recognize the effects of economic cycles on the demand for services and the County's Revenues. Financial planning should be designed to ensure the delivery of needed services as defined by policy and the Comprehensive Plan.

5.02 Policies

(a) Three-Year Plans – The County will prepare annually a three (3) year financial LRP for each fund. Each plan will include revenues, expenditures and other sources and uses with sufficient detail to identify trends and items with major impact.

(b) Conservative Revenue Estimates – Revenue estimates should be prepared on a conservative basis to minimize the possibility that economic fluctuations could imperil ongoing service programs during the budget year.

(c) Include Contingencies – Expenditure estimates should anticipate contingencies that are foreseeable.

(d) Include Asset Management Plan on LRP – The five-year Asset Management Plan (AMP) will include equipment, major maintenance, and associated expenses of less than $100,000. Major renovation or maintenance projects will be identified in the LRP.

(e) Use Proven Methods – The County will constantly test both its planning methodology and use of planning tools to provide information that is timely, accurate and widely disseminated to Citizens and Staff.

(f) Complex Regional Economic System – The Country recognizes it is in a complex, regional economic system. The County should have the capacity to evaluate and anticipate changes in both regional and national economic systems, to engage in strategic financial and management planning. The purpose of these plans will be to allow the Commissioners and Citizens to evaluate the impact of the financial needs of these programs on the regional economy and to coordinate funding needs with all funds.

(g) Department Responsibilities – Department Directors and the Finance Department will share responsibility for the preparation of financial plans for operations and asset management needs. The County Administrator will review and approve detailed work sheets used to generate the LRP. The Finance Department will assist in developing appropriate systems to monitor and update the LRP.

(h) Regular Status Reports – The Staff will continually update the LRP when significant changes are anticipated. The Staff may distribute the LRP to the Commissioners at any time to inform the Commissioners. The LRP will be submitted to the Commissioners for approval at least twice a year. The first update will follow the closing of the year and will include a final comparison of actual to budget for the completed year. The second report will be presented before the presentation of the annual budget and will include an update of the current budget and estimates.

(i) Rate Structures - The plans must disclose revenue assumptions including rate structures and consumption. The LRP will include annual rate increases based on inflation unless the Commissioners overrides this direction.

(j) Staffing – The plans will identify staffing levels including justification for any changes.

(k) Expenditures – The plans will include expenditures based on the service levels/policies and workload indicators (population, strategy, etc.) approved by the Commissioners.

(l) Include Reserves – The plan will include reserves for operations, capital and debt service coverage as established in Financial Policies and/or as required to issue bonds.