



Board of County Commissioners Agenda Request

6B

Agenda Item #

Requested Meeting Date: May 12, 2026

Title of Item: Update Financial Policies

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| <input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA | Action Requested: <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <input type="checkbox"/> Hold Public Hearing <i>*provide copy of hearing notice that was published</i> | <input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Information Only |
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| Submitted by: Kathleen Ryan, Auditor | Department: Auditor |
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| Presenter (Name and Title): Kathleen Ryan, Auditor | Estimated Time Needed: 15 Minutes |
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Summary of Issue:

Updated Financial Policy language as part of the over all Operations Policies of Aitkin County.

Some highlights of changes:
 Procurement Policy and Purchasing Policy were combined into one policy. We found there was repeat language and the need to have 2 policies was not necessary.

Updated dollar thresholds as part of the Capital Improvement Policy.

Added/clarified language regarding the donation of county owned equipment to non-profit organizations.

Updated MEALS language to state that the daily maximum will only be paid if the employee qualifies for 3 consecutive meals.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:
 Recommend the updated policy/policies as part of the General Operations Policy. Discontinue/Delete separate Procurement Policy for Aitkin County.

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No *Please Explain:*

Financial Policies

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Purchasing Card Policy
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Public Purpose of Expenditure.....
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*Add Risk Management Language

*Add Internal Control Language

**The Purchasing Policy included with this language covers the Procurement Policy language also.

**Employee travel is covered; more details may need to be included but can be removed from Personnel Policy.

Accounting, Auditing and Financial Policies

Aitkin County will establish and maintain a high standard of accounting practices. Accounting standards will conform to Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

Aitkin County will maintain a strong internal audit function.

The financial data maintained by the County Auditor will be the official Aitkin County books.

All subsystems will reconcile to the official county system monthly.

The county will maintain a fixed asset list to identify and protect all county assets.

Aitkin County will maintain an integrated financial system with electronic financial reports/queries for internal management purposes.

At the end of each fiscal year, the County will report the portion of the fund balance that is not in spendable form as Non-spendable Fund Balance on the financial statements.

Prior to the end of each fiscal year, the County Board will determine any committed fund balance.

Special Revenue Funds Cash Flow - At the end of each fiscal year, the County will maintain a Spendable – Assigned portion of the fund balance for cash flow.

General Fund Cash Flow - At the end of each fiscal year, the County will maintain a Spendable – Unassigned portion of the fund balance for Cash Flow in a range equal to 40 – 50% of the General Fund net county share. Net county share is defined as expenditures less non-property tax revenues. In addition to cash flow needs this accommodates emergency contingency concerns.

In the event that amounts maintained for cash flow fall above or below the desired range, the County Auditor and County Administrator shall report such amounts to the County Board after the end of the fiscal year. Should the actual amount maintained for cash flow fall above or below the desired range, the County shall create a plan to restore the appropriate levels.

The resources classified as unassigned can be used to cover expenditures for revenues not yet received.

When both restricted and unrestricted resources are available for use, it is the County's policy to first use restricted resources and then use unrestricted resources as they are needed. It is the County's policy to use resources in the following order: 1) committed 2) assigned 3) unassigned.

Operating Budget Policy

The formal budgeting process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided, given the anticipated level of available resources.

The county will attempt to maintain its present service level for all priority and essential services within available revenues. New services will be considered for funding within available resources.

Aitkin County will utilize a “priority based” service level approach to resource allocation.

Each program area/program will prioritize services and allocate resources according to highest priority and greatest need.

The resources to fund the budget will include all revenues that can reasonably be anticipated from all sources and the entire amount of fund balance estimated to be carried forward at the beginning of the fiscal year.

County enterprise operations are intended to be self-supporting, i.e., current revenues and planned use of reserves will cover current expenditures, including capital improvements and depreciation. Enterprise operations are to be reviewed annually for self-sufficiency.

The county will utilize procedures which allow program areas/programs to integrate goals, objectives, and performance measurement into the budget requests.

All unfunded positions will be removed from the Proposed Budget unless the Department Head requests the position remain valid due to potential future funds such as a grant or revenue swings.

The Aitkin County Board goal is to approve a budget which is balanced in terms of the total available resources equaling the projected use of funds.

- The county will budget to maintain fund balances at adequate levels to ensure sufficient resources are available for current and future expenditures, whether planned or unforeseen.
- The county will budget to maintain an unassigned fund balance for cash flow and contingencies in the General Fund, to support operations and unforeseen items and events until current tax revenues are received. Based upon the semi-annual collection of local taxes and the associated state County Program Aid revenues, the General Fund should maintain an unassigned fund balance at year end equaling 40-50% of operations, which is calculated as total budgeted operating expenditures less budgeted (non-property tax) revenues (net county share).

- The County Board may assign fund balance for a specific purpose to be spent in future years. Programs may budget for the use of the committed or assigned fund balance during the annual budget process.
- The County may utilize Fund Balance for capital expenditures, requested and approved during the annual budget process, which are “one-time” in nature. The one-time capital expenditures are items which occur on an infrequent basis and would cause an abnormal spike in the base operating budget.

Within the County’s Financial System, the County will maintain an integrated electronic budgetary control system to ensure adherence to the budget with accessible reports/queries comparing actual revenues and expenditures to budgeted amounts.

The Capitalization threshold for assets of Aitkin County, as defined in the Fixed Asset Policy of this document, applies to all budgets and purchases associated with the Capital Expenditure series of accounts (66xx).

Capital Improvement Policy

A Capital Improvements Program (CIP) will be developed for a period of five years. As resources are available, the most current year of the CIP will be incorporated into the current year operating budget as the Capital Improvements Budget (CIB). The CIP will be reviewed and updated annually. Years two through five are for planning purposes only.

The county will maintain its physical assets in a manner which is adequate to protect the county’s capital investment and to minimize future maintenance and replacement costs. The county will provide for maintenance and replacement with current revenues where possible.

To be considered in the Capital Improvements Program a project must have an estimated cost of at least \$25,000 and a useful life greater than one year. *Projects may not be combined to meet the minimum standard unless they are dependent upon each other.*

Items that are considered an operating expense (such as maintenance agreements, personal computer software upgrades, PC’s, etc.) will generally not be considered within the CIP.

The county will identify the estimated costs and potential funding sources for each capital project prior to inclusion in the CIP. The operating costs to maintain capital projects shall be considered prior to the decision to undertake the capital projects.

Capital projects and/or capital asset purchases will be evaluated on the following criteria:

- Mandatory project
- Maintenance project (approved replacement schedules)
- Project improves efficiency
- Project provides a new service
- Policy area project
- Broad extent of usage
- Length of expected useful life
- Positive effect on operation and maintenance costs
- Availability of state/federal grants
- Elimination of hazards (improves public safety)
- Prior commitments
- Replacement due to disaster or loss

The CIP will be presented for review and recommendation to the County Board by the Budget Committee.

Investment Policy

It is the policy of the County to invest public funds in a manner which will provide the highest investment return with minimum risk while meeting the daily cash flow demands of the County and conforming to all federal, state, and local regulations governing the investment of public funds. Investment portfolio risk will be minimized to ensure that liquidity and marketability are maintained. The County will not invest in instruments that it cannot hold until maturity. Although investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained.

This Investment Policy applies to all financial assets of the County.

All cash and investments will be maintained in a single cash and investment pool, unless otherwise required by law, court order, grant regulation, contract, or County Board directive.

Interest revenue and gains (or losses) on sales of investments will be retained in the general fund unless specifically designated otherwise by law, court order, County Board resolution, state statute, grant regulation, or contract.

All revenues, expenditures, assets, and liabilities relating to securities lending transactions will be recorded in the general fund. Revenue gains (or losses) related to this investment of cash collateral will be retained in the general fund.

The County Treasurer is designated as investment officer and is responsible for investment decisions and activities, with the input of the County Board.

No person may engage in an investment transaction except as provided under the terms of the investment policies and the procedures established by the County Treasurer and applicable State law or rule.

The selection of banking services will be made by the County Treasurer.

The County Treasurer shall maintain a system of internal controls for investments, which shall be documented in writing. The internal controls shall be reviewed by the State Auditor's Office. The controls shall be designed to avoid losses of County funds arising from frauds, employee errors, and misrepresentations by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County. The investment portfolio of the County shall be designed to meet the following objectives in the order of priority:

Safety – Safety of principal is of critical importance to the investment program. Investments of the County shall be undertaken in a manner that preserves the principal in the overall portfolio.

Liquidity – The County's investment portfolio will remain sufficiently liquid to meet all reasonable operating requirements.

Return on Investment – The County's investment portfolio shall be designed with the objective of attaining a market rate return. The core of investments is limited to low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

Trading – Portfolio purchases will focus on holding investments until maturity to maintain securities at amortized cost. Excessive investment portfolio turnover commonly referred to as "trading" or "overtrading" to obtain short-term gains is not consistent with the County's stated investment objectives and is prohibited.

The investment program shall be operated in conformance with federal, state, and other legal requirements. Authority to manage the County's investment program is derived from the following:

- Minnesota Statutes §118A, Municipal Funds
- The designations within this Policy as adopted

Debt Policy

Each situation requires a thorough review of the County's debt position, financial health and economic forecast. The limitations of this policy refer to Aitkin County debt only.

The county will maintain good communications with bond rating agencies and will try to improve or maintain its current bond rating so that the County's borrowing costs are minimized and so that access to credit is preserved.

The county will not use short-term borrowing to finance operating needs except in the case of an extreme financial emergency which is beyond the County's control or reasonable ability to forecast.

The County may only use long-term debt financing when all the following conditions exist:

- When non-recurring capital improvements are desired, and
- When it can be determined that future citizens will receive a benefit from the improvement, and
- When the cost benefit of the improvement, including interest cost, is positive.

The issuance of long-term debt is limited to capital improvements or projects that cannot be financed from current revenues or resources. For purposes of this policy, current resources are defined as unassigned fund balance greater than that needed for cashflow.

Aitkin County will not pledge indebtedness to outside agency financing unless the deemed benefit of the project is primarily for Aitkin County residents.

Every effort will be made to limit the payback period of the bonds or notes to the estimated useful life of the capital asset constructed or purchased.

Revenue and Collection Policy

The County Administrator will ensure appropriate procedures are adopted and followed to ensure accurate accounting of revenues receipted into the County. The County Auditor and County Treasurer are responsible for implementing accounting procedures.

Disbursement Policy

The Aitkin County Disbursement Policy is established to:

- Ensure accountability of the public funds.

- Ensure that all disbursement activity comply with applicable Federal, State, and local statutes, laws, codes, ordinances, and rules.
- Maintain controls necessary for the County to operate efficiently, effectively, and in a transparent and responsible manner.
- Provide governance for the disbursement of all funds to satisfy claims against the County.

The County Board must approve all disbursements.

- In accordance with MN Statute 375.18 the County Board delegates authority to the County Administrator and County Auditor to authorize payment of certain claims. The claim must be presented for ratification to the County Board at the next County Board meeting.

Annually the County Board shall designate the authority to make electronic fund transfers (EFT) to satisfy claims against the County to the County Treasurer and their designees, with a copy of the annual designation being provided to the County's designated disbursing bank(s).

Elected Officials serving offices, appointed division managers and department heads, or their authorized delegate with appropriate separation of duties, shall authorize pertinent claims against the County after review of the following:

- Notify the Auditor Department of any new vendor(s) and provide the information necessary to establish the vendor prior to disbursement
- Review invoices or other payment documents for accuracy
- Confirm quantities and prices are consistent with the order
- Ensure sufficient documentation exists to identify the claim
- Ensure the funds are appropriated
- Provide appropriate general ledger account coding
- Provide an authorized signature, either handwritten or electronic
- Notify the Auditor Department when submitting overdue obligations that are not delayed due to a good faith dispute

The County Auditor is responsible for developing procedures related to vendor management that will accomplish the following:

- Verify the authenticity of all new vendors requested by authorized staff
- Verify the authenticity of any vendor changes to name, address, tax identification, and bank information

Cash Handling and Receipting Policy

Due to the decentralized nature of Revenue collection within the County, the objective of this policy is to set forth minimum standards to ensure clear and consistent practices within the county for the handling of cash and the receipt of revenue. This policy will also serve to standardize a sound system of cash controls within the county as well as to provide guidance to departments on improving cash handling skills and accountability.

The County Treasurer shall establish and enforce a reasonable cash receipting policy that will provide the necessary controls and accountability for cash receipts consistent with MN Statutes § 118A. The Treasurer shall also establish rules and guidelines in development of acceptable levels of control for cash collection which facilitate the prompt collection of funds/monies owed to the county. These collection practices are intended to:

- Facilitate effective collection of funds due to Aitkin County.
- Consistently seek to improve collection practices.
- Provide consistency in information related to receipts.
- Facilitate secure transactions.
- Accumulate sufficient information to facilitate proper accounting of receipts and to aid in collectability should the need arise.

The Treasurer will work to address risks related to banking activity, cash handling and payment settlement. Where possible, preventative measures shall be taken to identify and mitigate these risks. Proper controls should be established to account for cash and receipting activity, and reconciled cash and banking records shall be maintained to support these receipting transactions.

Departments authorized to receive payments on behalf of Aitkin County must ensure that adequate control procedures are in place to secure the collection and proper receipt of funds, and to maintain internal controls and accountability of cash receipts. Specific departmental actions shall include:

- Measures to safeguard county funds.
- Procedures to comply with Aitkin County Policy.
- Cash handling system that will prevent, detect, and deter fraud.
- Proper internal controls and accounting of receipts.

Employees suspecting fraud or theft shall immediately notify their supervisor or the County Auditor. The County Auditor shall report and track specific suspected or actual losses related to cash and report to the Office of the State Auditor and law enforcement when appropriate.

CONTROL STANDARDS FOR RECEIPTING AND CASH HANDLING

Adequate cash handling and receipting procedures shall be in place to ensure that all payments received are processed and may be traced from initial receipt to final disposition. This procedure for handling cash receipts shall be designed to provide accountability for all monies received by the county, in accordance with accepted standards of control and accounting practices.

These procedures will be followed when accepting and receipting funds.

- Provide/utilize receipts for all acceptance of monies or payment (settlement of transactions).
- Receipt information will include the date issued, name of payer, net amount received, and sufficient information to identify the purpose of the payment. Also included should be any identifying number, form of payment, identification of person accepting payment and account to which payment is to be credited.
- Maintain proper care and control of all receipts and receipt stock.
- Coins and currency should generally be accepted only when an official Aitkin County receipt can be provided at the time of payment.
- Checks should promptly be restrictively endorsed. Any supplementary information required to ensure subsequent collection should be requested, entered on the face of the check and proper acknowledgement obtained from the payer.
- Checks accepted must be signed and have the payer's name, address and telephone number indicated on the check. When appropriate, identification data should be provided by the payer.
- Postdated checks will not be accepted.
- Checks may not be substituted for cash. Personal transactions with county funds are strictly prohibited. Monies will not be loaned from county funds, and no location is authorized to cash checks from county funds.
- Credit cards may be accepted for payment at authorized/approved locations if the payer presents the actual card or provides the account number, card holder name, expiration date and proper identification. An authorization code will be obtained through the credit card terminal prior to acceptance and receipting of the payment.
- EFT (Electronic Fund Transfers) transactions will need to be coordinated and processed centrally under the administration and supervision of the Treasurer.

Adequate control over access to funds must be maintained at all times. Proper control of processing and storage of cash funds should be in place for all authorized points of collection. Access to vaults and safes should be limited.

General security guidelines for handling and receipting county funds shall include:

- No funds are to be left unattended or unsecured.
- The number of people in each department required to actually handle county funds should be kept to a minimum.
- Each cash fund will be maintained separately. County funds should not be commingled with non-county funds.
- All county funds received should be secured in a locked cash register, drawer, or cash box and when not physically guarded kept in a secure safe, room, or cabinet not commonly accessible.
- Vault combinations should be limited to the smallest number of individuals practicable, given the business needs of the work unit. Vault or safe combinations should never be written down in the cash-handling area.

Employees who have county funds in their custody should be constantly aware of the possibility of the loss of funds due to theft, robbery, or error. Reasonable precautions to prevent losses should be taken. Safekeeping arrangements should be maintained for county funds and the amount of money retained on-hand and subject to loss should be the absolute minimum necessary for that activity.

Transferring and Depositing Funds

It will be the county's policy to require witnessed cash counts and reconciliation whenever funds change hands. Accountability must be maintained through a proper chain of custody, whether transferring between work units, between locations or at a depository.

- All receipts must be delivered in full on a weekly basis by the receiving department to the Auditor Department
- All cash payments are to be deposited in total and may not be used for any other purpose.

Staffing and Training for Cash Handling Responsibilities

All individuals required to handle county funds will be properly trained to do so.

Each department within Aitkin County that is responsible for handling cash will perform a periodic self-assessment (annually at minimum) to ensure procedures are up to date, understood and followed.

Credit Card Acceptance Policy

Credit card acceptance as a payment method via nationally recognized credit cards has become nearly universal within the private sector, where cards are now accepted at point of sale for even small transactions. Credit card transactions can also be of benefit to governmental entities by improving certainty of collection, accelerating payments and availability of funds, lowering costs and enhancing customer service. There are advantages and disadvantages to accepting credit card payments which governmental entities must weigh when deciding whether to accept payments by credit cards.

Acceptance of credit cards by Aitkin County as a payment option or as an alternative to cash or check will be considered on an individual process basis. Departments must demonstrate the viability of the acceptance of alternative forms of payment.

Minimum standards for consideration should include:

- The Department regularly receives payment for goods and/or services in routine operations
- The Department can provide justification that acceptance of cards will increase net revenues
- The Department can ensure that proper controls and procedures are in place
- Adequate security and record-keeping processes are established and properly monitored
- Acceptance will enhance convenience to public and encourage prompt payment

Analysis must be provided that demonstrates the financial viability of card acceptance for the specific venue or segment of county business.

Card issuers promulgate specific regulations which determine how the cards may be used in relation to the type of charges, how and in what manner the card is presented and used at the time of purchase, the process by which fees and discounts are handled and recovered, the level of security of data at time of sale and during the proper storage and maintenance of this information, all of which are firmly enforced.

Aitkin County and the department must comply with all regulations to ensure ongoing service, to permit continued authority to accept credit card payments, and to properly serve the cardholder's needs. Point of Sale (POS) terminal transactions, internet transactions, card not present situations (telephone) and voice authorization all have specific regulations which apply to the transactions in addition to county cash handling and receipting policies.

Risks and exposures to Aitkin County through the use of credit card acceptance and payments processes and operation of related equipment must be minimized through proper handling of transactions.

Merchants that manage card holder data must adhere to strict policies for ensuring that data is secure. The safeguarding of this information continues beyond the transaction including the storage and protection of the data in accordance with credit card issuer policies.

Controls and safeguards must be adequate to provide reasonable assurance that credit card transactions will be properly controlled and accounted for. All paperwork, records, receipts, card imprints, electronic data, etc. containing cardholder account numbers and information is classified as nonpublic under Minnesota Statutes §13.37.

Purchasing Policy (Procurement)

The purpose of this policy is to provide County departments, citizens and vendors with purchasing and contracting services of the highest professional standards in accordance with state and federal laws and regulations. This policy will also guide County employees in the purchase of items at the best price and quality, promote and maintain a good working relationship with suppliers, and emphasize cooperation between and among departments in identifying and implementing standardized organizational programs to save time and money.

This policy applies to all procurement procedures for all departments of the County, unless otherwise stated.

OBJECTIVES OF THE PURCHASING SYSTEM

LIFECYCLE COSTING

In addition to initial purchase price, the County will consider long-term value by considering the long-term maintenance, operating costs, and other indirect costs of purchase.

QUALITY

The County will strive to secure goods and services at the lowest lifecycle cost possible proportionate with quality requirements.

FULL AND OPEN COMPETITION

The County maintains a policy of full and open competition, where all responsible sources are permitted to compete in the purchasing process.

ETHICS AND CONFLICTS OF INTEREST

County employees in a position to procure goods or services will abide by the County's Code of Ethics policy, located within the Personnel Policy. This provision includes an employee's documentation of potential and actual conflicts of interest as part of the County's Code of Ethics Confirmation.

PROCUREMENT AUTHORITY

Procurement is under the broad direction of the County Administrator. Authority to procure products and services is granted to each department head and his/her designee(s).

Department heads are authorized to sign contracts not requiring County Board approval.

Department heads or their designee(s) are required to maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

PROCUREMENT GUIDELINES

PROCUREMENT OF SOFTWARE OR TECHNOLOGY

In any consideration of the purchase of software or technology, a department must consult with IT as early in the process as feasible, to ensure the new software or technology is one that is able to be supported by the County. The department must also work with IT to consider any ongoing or future maintenance fees, license fees, upgrade fees, or other known fees.

Quotation and bid requirements for software or technology are the same as those for professional services.

All computer hardware and software purchases must be for County business purposes only.

The following procedures are to be followed when a department desires to purchase hardware and/or software:

- The requesting department, when applicable, is responsible for securing County Board/Department Head authorization to proceed with the purchase.
- After appropriate approval, IT Department staff will assist with preparation of specifications which will be used for the procurement process. The County's purchasing guidelines will be followed to procure the computer hardware and/or software.

Updates to software for word processing and spreadsheets will be Microsoft Office products, unless specific and compelling reasons can be demonstrated to purchase another brand. IT will be trained in and support Microsoft Office products. Other software products will not be supported with training as aggressively as Microsoft Office products.

CONTRACTING

The combined signature of the County Board Chair and the County Board Clerk is the official signature of the County Board.

The County Administrator is authorized to execute contracts on behalf of the County Board, without prior County Board approval when:

- The specific approval of the County Board is not required by federal law, statute, rule or other County Board policy; and
- The expense of the contract will not exceed the current budget; and the expense of the contract is less than \$25,000; and
- The contract does not bind the County for a period longer than the current fiscal year OR the contract contains a provision allowing at-will termination of the agreement with 30 days' notice or less.

Department Heads are authorized to execute contracts on behalf of the County Board, without prior County Board approval when:

- The specific approval of the County Board is not required by federal law, statute, rule or other County Board policy; and
- The expense of the contract will not exceed the current budget; and
- The expense of the contract is less than \$10,000; and
- The contract does not bind the County for a period longer than the current fiscal year OR the contract contains a provision allowing at-will termination of the agreement with 30 days' notice or less.

Department Heads or their designee(s) are granted the authority to renew a contract provided that the only change is to the terms of the contract (i.e., length of service, charges). Should the contract contain changes in the verbiage of the contract or in the description of services provided, the renewal must be treated as a new contract and follow procedures detailed in this policy.

The County Administrator is authorized to manage the County's expenses by taking immediate action on an existing contract which exceeds the delegated authority. In these rare circumstances, the County Administrator is authorized a reasonable amount of discretion to exceed the dollar limit, but not the duration limit, in this policy when it is

documented that waiting until the next County Board meeting to approve a contract amendment or change order will likely cost the County a greater amount or result in a significant service disruption. In these circumstances, the Department Head requesting the purchase and the County Administrator should be in agreement, and the request shall be submitted to the County Board for ratification at the next regular County Board meeting.

The County Highway Engineer has the authority to execute change orders and contract modifications deemed reasonable by the Engineer and within the scope of the project approved by the County Board. The Engineer must use discretion; taking in to account the scope of the project, the total cost of the project compared to the change order and the resources available.

The County Highway Engineer has the authority to execute right-of-way agreements, taking into account the market value of properties, project costs, and financial stability of county resources.

Department Heads have the authority to execute routine multi-year contractual agreements for budgeted items under \$25,000 with County Administrator approval. The Competitive Bidding Process must be followed.

BEST VALUE PROCUREMENT

As an alternative to bidding, the County may elect a “best value” procurement process for construction, building, alteration, improvement, or repair work. If such a method is used, the County will solicit Request for Proposals (RFPs). The County will comply with all requirements for best value procurement under Minn. Stat. § 16C.28.

RESPONSIBLE BIDDER

Awards shall be made only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to matters such as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

COUNTY ISSUED PURCHASING CARDS

The County has elected to issue certain County employees a county purchasing card under Minn. Stat. § 375.171. The “Request for Credit Card” form will be completed by the department head and submitted to the County Administrator for approval and processing. Credit limits will be set by the Purchasing Card Policy. Purchases exceeding these limits will not be allowed; personal use of the purchasing card is prohibited.

LEASES

Any department considering entering into a lease agreement shall consult with Auditor Department to ensure no similar lease is already in place, and to ensure the best pricing can be obtained.

EXCEPTIONS TO BIDDING

COOPERATIVE PURCHASES AND FEDERAL EXCESS AND SURPLUS PROPERTY

Aitkin County is a member of the Cooperative Purchasing Venture with the State of Minnesota. Purchases from State Contracts are excluded from county bid process procedures but are still required to obtain County Board approval when over the applicable dollar value.

The County is also a member of Sourcewell. This agreement allows the County to utilize nationwide contracts. Such purchases are also excluded from bid process procedures but are still required to obtain County Board approval when over the applicable dollar value.

Departments are encouraged to use federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

SOLE SOURCE/BRAND PROCUREMENT

Sole source/brand purchasing minimizes or eliminates competition and should be avoided whenever possible. Sole source requests should not be made unless the department head documents the basis to ensure conformance with applicable rules and laws. These purchases are excluded from standard bid process procedures but are still required to obtain County Board approval when over the applicable dollar value.

Procurement through solicitation of a quote, proposal, or bid from only one source may only be used when one or more of the following circumstances apply:

- The item is available only from a single source;
- Public necessity or emergency will not permit a delay resulting from competitive solicitation;
- The Federal awarding agency of pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the County (applies to Federal funds only); or
- After solicitation of a number of sources, competition is determined inadequate.

STANDARDIZATION

When supplies, equipment, or services are uniformly adopted or otherwise standardized, or when an item is designed to match others in use by the County, the purchase may be exempt from bidding requirements or may be made with limited competition to distributors of the manufacturer of the standardized item. Compatibility issues between differing technologies will also be considered an exception.

EMERGENCIES

A valid emergency is one where the items purchased or services provided are immediately necessary for the continued operation of the office or department involved; OR are immediately necessary for the preservation of life or property. An emergency need is one that could not have been foreseen. Failure to procure an item or service on time does not constitute a valid emergency. The County shall comply with Minn. Stat. §375.21 and 375.22 for emergency procurements.

PROCUREMENT AND PURCHASING

PROCUREMENT AND PURCHASING THRESHOLDS AND METHODS OF PROCUREMENT

All departments shall comply with the following policies regarding purchases. Purchases shall not be artificially divided to avoid bidding requirements. All departments of the County shall comply with Minn. Stat. § 471.345 and 2 CFR 200.317 – 200.326 as applicable and follow the County's Procurement procedures.

PURCHASING

The County Administrator is authorized to make purchases on behalf of the County Board, without prior County Board approval when:

- The specific approval of the County Board is not required by federal law, statute, rule or other County Board policy; and
- The expense will not exceed the current budget; and
- The expense is less than \$25,000; or
- The expense is considered a normal operational expense and is within the budgeted amount of a specifically identified line item under the County Administrator's management.
- ***Capital purchases are excluded.***

Department Heads are authorized to make purchases on behalf of the County Board, without prior County Board approval when:

- The specific approval of the County Board is not required by federal law, statute, rule or other County Board policy; and
- The expense will not exceed the current budget; and
- The expense is less than \$10,000; or
- The expense is considered a normal operational expense and is within the budgeted amount of a specifically identified line item under the Department Head's management (i.e. Road salt and sand line item may be expended up to the budgeted amount without County Board approval).
- **Capital purchases are excluded.**

The County Administrator may manage the County's expenses by taking immediate action on a purchase which exceeds the delegated authority of the County Administrator. In these rare circumstances, the County Administrator is authorized a reasonable amount of discretion to exceed the dollar limit in this policy when it is documented that waiting until the next County Board meeting to approve the purchase will likely cost the County a greater amount or result in a significant service disruption. In these circumstances, the Department Head requesting the purchase and the County Administrator should be in agreement, and the request shall be submitted to the County Board for ratification at the next regular County Board meeting.

PROCUREMENT WITH FEDERAL FUNDING OR NON-FEDERAL FUNDING

Aitkin County will follow the dollar requirements as established under the Uniform Municipal Contracting Law (Minnesota State Statute §471.345). If the requirements of this policy and the Municipal Contract Law are different, the requirements of the Municipal Contracting Law should be followed.

PROCUREMENT OF SERVICES

All service contracts of any dollar amount shall have a legal review, due to potential County liability. Quotation/bid procedures for service contracts vary depending upon whether the contract is for a biddable service or a professional service.

BIDDABLE SERVICES

The following services shall comply with procurement requirements for commodities as detailed above, in accordance with Minn. Stat. § 471.345:

- Services related to the manufacture, construction, alteration, or repair of personal property such as computers, copy machines, automobiles, machinery, and other equipment;

- Services related to the maintenance of real or personal property; or
- Other non-technical services which are typically acquired through the bidding process, such as janitorial services, waste disposal services, etc.

Any contract for the procurement of a biddable service more than \$100,000 annually shall be approved by the County Board. All service contracts shall be maintained in Administration.

PROFESSIONAL SERVICES

Professional services are services requiring specialized expertise, advanced education, training, or licensure, including but not limited to attorneys, engineers, architects, accountants, physicians, and consultants.

Approval thresholds for professional services contracts are the same as other procurements.

Professional services should be procured based on “best value” which considers relevant factors such as: qualifications, experience, past performance, capacity to timely complete the work, and cost.

Use of a Request for Proposal (RFP) process is appropriate for most professional services.

Direct negotiation or quotes can be used to secure professional services. These methods are appropriate based on:

- Project size
- Timeline/urgency of the project
- Complexity or specialization of the service
- Number of available and qualified providers
- History with the provider and provider’s familiarity with the project requirements

Projects using federal funds should use the federal procurement process if required.

Any contract for the procurement of a professional service in excess of \$50,000 annually shall be approved by the County Board. All service contracts shall be maintained in Auditor’s Office.

COMPETITION

All procurement transactions must be conducted in a manner providing full and open competition in accordance with 2 CFR 200.319. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals must be excluded from competing for such procurements.

Some of the situations considered to be restrictive to competition include, but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business.
- Requiring unnecessary experience and excessive bonding.
- Noncompetitive pricing practices between firms or between affiliated companies.
- Noncompetitive contracts to consultants that are on retainer contracts.
- Organizational conflicts of interest.
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement.
- Any arbitrary action in the procurement process.

The County will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those areas where applicable Federal statutes expressly mandate or encourage geographical preferences.

SUSPENSION OR DEBARMENT (Only Use with Federal Funding)

The County will not engage in a contract with any vendor that is debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Each department will verify vendor’s eligibility by:

- Checking SAM exclusion (2 CFR 200 Appendix II (H)), or
- Collecting a certification from the vendor (2 CFR 180.300), or
- Adding a clause or condition to the contract (2 CFR 180.300).

CONTRACT REQUIREMENTS (Only Use with Federal Funding)

2 CFR 200 Appendix II requires contracts let under federal funding to contain certain clauses or meet certain criteria, as follows:

- Contracts over \$150,000 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.
- All contracts in over \$10,000 must address termination for cause and for convenience by the County, including the manner by which it will be effected and the basis for settlement.

All contracts that meet the definition of “federally assisted construction contract” under 41 CFR Part 60 must include the equal opportunity clause provided under said statute.

When required by federal program legislation, all prime construction contracts over \$2,000 awarded by the County must include a provision for compliance with the Davis-Bacon Act as supplemented by Department of Labor regulations. 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. The 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. The 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, as supplemented by the Department of Labor regulations. The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work to give up any part of the compensation to which he or she is otherwise entitled. The County must report all suspected or reported violations to the Federal awarding agency.

Where applicable, all contracts awarded by the County over \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by the Department of Labor regulations. 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 or supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

If the federal award meets the definition of a “funding agreement” under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights 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.

Contracts and subgrants of amounts over \$150,000 must contain a provision that requires the 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. Violations must be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

Contractors that apply or bid for an award exceeding \$100,000 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 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 non-federal award.

The County and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. These requirements 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 maintaining a satisfactory level of competition, where the purchase price of the 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. (2 CFR200.322)

COST OR PRICE ANALYSIS

A cost or price analysis must be carried out for every procurement action, including contract modifications, over \$150,000, in accordance with 2 CFR 200.323. The method and degree of analysis is dependent on the facts surrounding the procurement situation, but as a starting point, the County must make independent estimates before receiving bids or proposals. Additionally, the cost plus a percentage of cost, and the percentage of construction cost methods of contracting must not be used.

TIME AND MATERIAL CONTRACTS

The County may use time and material type contracts only after a determination is made that no other contract is suitable and only if the contract includes a ceiling price that the contractor exceeds at its own risk. The County must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

RESPONSIBILITY

The County alone is responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the County of any contractual responsibilities under its contracts. The federal awarding agency will not substitute its judgement for that of the County unless the matter is primarily a federal concern. [2 CFR 200.318(k)]

Purchasing (Credit/Debit) Card Policy

The purpose of this policy is to provide detailed information regarding the use of purchasing cards assigned to selected Aitkin County employees to purchase goods and services for Aitkin County.

This policy and procedure apply to all County divisions and agencies that have selected employees to use Purchasing (credit/debit) cards.

The County Administrator may delegate to other specific individuals the responsibility for the performance of some credit duties at a departmental level.

The policy is intended to accomplish the following:

- Ensure that purchase cards are used in accordance with Aitkin County policies.
- Ensure internal controls for authorized credit.
- Ensure that the County bears no legal liability from inappropriate use.
- Provide a convenient credit method and reduction of paperwork.
- Empower employees, increase productivity, flexibility, and efficiency.

Purchase Card Requirements

County employees who accept a county purchasing card accept the responsibility for maintaining security of the card and card number and following this policy. This includes being vigilant to protect the physical card, the card numbers and other identifying data, and

promptly notifying the card issuer and County Auditor Department in the event of fraudulent or potentially fraudulent activity. The card holder is also responsible for ensuring that goods and services purchased with the county purchasing card are received.

Each purchase card issued will have “Aitkin County” and the individual cardholder’s name embossed upon it.

The card vendor will have no individual cardholder information other than the County’s mailing address; no personal credit records, social security numbers, or other personal information is maintained.

County issued purchasing cards shall be used for county business purposes only, and under the appropriate authority of this and other applicable policies.

Purchasing Card Authorization

All transactions on the county purchasing card must be authorized by the individual to whom the card has been assigned.

Through the card issuer, the county will set the following purchase limits by default:

- Single daily purchase limit: \$999.99
- 30-day purchase limit: \$5,000.00

Department heads may set lower limits for cardholders under their supervision.

From time to time, circumstances may arise where it is reasonable to make a purchase exceeding the single daily purchase limit or 30-day purchase limit. In these circumstances, the County Administrator may authorize a one-time adjustment to the purchase limits, provided the purchase is within the authority of the County Administrator under the Purchasing Policy of Aitkin County.

Purchases with a county business purpose may be made with the purchasing card in person, via telephone or through a secure website. If you are unsure whether a website is secure, do not use the county purchasing card. The IT department will be able to assist you in determining if a website is secure.

Documentation, Reconciliation, and Payment Procedures

Documentation, including itemized purchases, must be retained as proof of purchase whenever using the purchasing card. Receipts must be entered into AP Workflow and approved within a reasonable period of time.

If, for some reason, the cardholder is missing documentation of the transaction they must attach an explanation that includes a description of the item, date of purchase, merchant's name, and the reason for missing documentation.

The department head must review all documentation and ensure that all purchases are valid and appropriate prior to approving the claims for payment.

Requests for Purchasing Cards

The department head/manager and County Administrator must approve purchasing cards. The County Treasurer may authorize the purchasing card request in absence of the County Administrator.

The Treasurer is responsible for establishing a form for the authorization to become a purchasing card holder. Completed forms must be submitted to the Treasurer for processing.

Upon issuance of the purchasing card, the cardholder must sign their card.

Cards will be delivered via US Mail directly by the card issuer.

Lost/Stolen Purchasing Cards

Contact information about the card issuer will be provided to the cardholder.

Lost or stolen cards and suspected fraudulent activity must be reported to the card issuer and County Treasurer as soon as possible, but not later than 24 hours after discovery.

Disputes Regarding Credit Cards

In the event of a vendor dispute, the cardholder must complete a Cardholder Statement of Questioned/Disputed Item form within five business days.

Capital Asset Policy

Capital Assets

Capital Assets are tangible or intangible assets that are obtained for use in operations. Aitkin County capitalizes assets that have individual costs that exceed the thresholds on the table below and an expected useful life of at least 3 years.

| Capital Asset Category | Fixed Asset Tracking | Capitalization Threshold |
|------------------------------------|-----------------------------|---------------------------------|
| Land | \$1 | All land is capitalized |
| Land Improvements | \$1 | \$25,000 |
| Building and Building Improvements | \$10,000 | \$50,000 |
| Improvements (non-building) | \$10,000 | \$50,000 |
| Infrastructure | \$25,000 | \$50,000 |

| | | |
|---------------------------------|---------|---------------------------------------|
| Furniture, Fixtures & Equipment | \$5,000 | \$25,000 |
| Vehicles and Trailers | \$5,000 | \$25,000 and any licensed vehicles |
| Construction in Progress | \$1 | Based on anticipated final asset cost |

Capital Asset Categories

- **Land** – refers to real property that is owned by the County. The cost of the land is recorded at its historical acquisition price, that includes purchase price, legal and title fees, and easements. Land has an indefinite useful life and is not depreciable.
- **Building and Building Improvements** – Building are permanent structures or facilities that are used for the delivery of government services. The County initially capitalizes all components of a building as one asset that is depreciated over the building’s useful life. Replacements of components of the building, such as a roof and finishes are expensed as incurred. Upgrades or additions of building systems such as lighting, boilers, roof top units, and elevators are capitalized when the project exceeds the capitalization threshold. Buildings are depreciable over their determined useful life.
- **Infrastructure** – refers to road systems, bridges, water and sewer utilities, and drainage systems. These assets are generally static and have a long useful life that is depreciable.
- **Improvements (other than Building)** – refers to parking lots, retaining walls, fencing, sidewalks, and park amenities (playgrounds, pools, pavilions, campgrounds, trails). Improvements are depreciable over their determined useful life.
- **Furniture, Fixtures, and Equipment** – these also include machinery, furnishings, software, and similar items. Capitalizable costs include net purchase price, taxes, delivery, installation, etc. Lump-sum purchases of a group of smaller items that are below the individual capitalization threshold (network equipment, furniture, etc.) are not capitalized unless the aggregate cost is greater than \$25,000.
- **Software** – is considered an intangible asset and should be capitalized if purchased or developed for internal uses. Acquisition costs and other costs incurred to customize the software are also capitalized. Major software upgrades that exceed the capitalization threshold are capitalized.
- **Software as a Service (SAAS)** - systems subscription costs are capitalized within the thresholds that are set in accordance with Government Accounting Standards.

The implementation costs of systems with a SAAS agreement are also capitalized over the initial contract term provided they exceed the capitalization threshold.

- **Vehicles** - include cars, trucks, and any trailers that are required to be licensed and are used in the normal operations of the County. Capitalizable costs include net purchase price, taxes, delivery, and any other costs to set up the vehicle for normal operation.
- **Construction in Progress** – is used to account for costs incurred to construct capital assets before they are substantially complete.
- **Capital Assets purchased with Federal Funds** – Capital Assets purchased with federal funds that are greater than \$5,000 but less than the Capitalization threshold within the policy are required to be tracked.

Depreciation

Depreciation and amortization are methods used to distribute the cost of a capital or leased asset over its useful life in a systematic and rational manner. The County uses the straight-line method to depreciate capital assets and government accounting standards guidance to amortize leased assets. Capital assets are depreciated based on the useful life schedule below as determined by finance and industry standards at the time of purchase.

| Capital Asset Category | Useful Life |
|------------------------------------|---|
| Land | Indefinite (not depreciated) |
| Buildings and building systems | 20 – 50 years |
| Infrastructure | 50 years |
| Improvements (other than building) | 20 - 25 years |
| Furniture, Fixtures & Equipment | 5 – 20 years |
| Vehicles | 5 – 10 years |
| | |
| Construction in Progress | Until asset is substantially complete (not depreciated) |

Capital Asset Process Responsibility

The County Auditor shall determine the procedures and reporting forms to ensure integrity of the fixed asset system.

The County Auditor shall coordinate an annual physical inventory. Responsibility for the individual capital assets remains with the individual departments and department heads that control and use the capital assets.

Ownership of Fixed Assets

All assets of Aitkin County are under the final authority of the Aitkin County Board of Commissioners unless superseded by federal law, rule or grant requirement.

All assets of Aitkin County which are acquired by Aitkin County, for use by Aitkin County, following adoption of this policy shall be titled in the name of Aitkin County, without reference to a specific department. Reasonable efforts to change the titles of assets owned as of adoption of this policy shall be made to comply with this policy in a reasonable period of time.

The titles of all assets acquired by Aitkin County for use by Aitkin County shall be held in one office, as determined by the County Administrator.

Transferring Assets between County Departments

Assets may be transferred between departments without County Board approval.

No accounting journal entry or warrant needs to be made to transfer assets between county departments unless required by a grant agreement.

Selling and Donating Assets

All proceeds from the sale of County items shall be receipted and accounted for in the appropriate department budget.

Assets no longer needed by the County may be donated to non-profit or governmental organizations, sold or discarded. This process will meet the requirements of M.S. 471.3459 and 471.85.

Assets must be appropriately decommissioned before being donated, sold or discarded.

Unless federal law, statute, contract or agreement requires the approval of the County Board, the County Administrator may approve selling or donating assets when the projected value is less than \$25,000. Department heads may approve the selling or donating assets when the projected value is less than \$10,000

Generally, departments seeking to donate or sell assets shall ask other departments if they have a need for that asset, if there is no need then it is appropriate to donate or sell the assets.

Donating Assets to Non-Profit Organizations

Purpose: To Establish procedures to donate surplus equipment to a non-profit organization as permitted by Minnesota Statutes §471.3459.

Definitions

Donation means to contribute, donate or give surplus equipment at no cost to a non-profit organization that serves a public purpose and benefits its community as a whole.

Eligible organization means a non-profit organization serving one or more of the following functions: cultural, historical, educational, safety, social services, environmental or economic.

Fair market value means the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all relevant facts.

Non-profit organization means an organization formed under Section 501(c)(3) of the Internal Revenue Code.

Surplus equipment means equipment used by the County and cellular phones and emergency medical and firefighting equipment that is no longer needed by the County because it does not meet industry standards for the intended use or has minimal or no resale value.

Surplus Equipment Form means the form attached to this policy that must be filled out by a non-profit organization requesting a donation of surplus equipment.

The County may offer surplus equipment for donation in conformance with the following guidelines:

- Department heads are responsible for monitoring their equipment and shall identify and report surplus equipment on a periodic basis or as otherwise requested.
- Department heads shall recommend the fair market value of the surplus equipment.
- County Board declaration: The list of the surplus equipment with each item's fair market value shall be presented to the County Board.
 - The County Board shall approve or deny the surplus equipment as eligible for donation.
 - The County has no obligation to donate surplus equipment.
- Surplus equipment that is not donated may be sold, recycled or discarded as allowed by law.

Donation: After the County Board has determined the surplus equipment eligible for donation, the department head shall be responsible for coordinating the donation of the surplus equipment in accordance with the terms of this policy.

Transfer between departments: All surplus equipment must first be considered for transfer between departments for the benefit of the County.

Surplus equipment shall be posted as eligible for donation on the County's website. The County may also use other reasonable means to notify eligible organizations about the availability of surplus equipment. The County shall wait at least 30 days after advertising surplus equipment before approving any donation. An eligible organization may make an appointment with the department head responsible for the surplus equipment for inspection before the donation.

Approval of donation: Donation must be approved by the County Board.

If more than one eligible organization requests a donation for the same surplus equipment, the County shall consider factors it deems relevant including how the surplus equipment will be used, the benefit to the eligible organization, the impact on the County, how the donation will accomplish goals of the County Board, and any previous donation to the eligible organization.

A donation of surplus equipment is made "as is" with no warranty, guarantee or representation of any kind, express or implied, as to the condition, utility, or usability of the surplus equipment offered. The surplus equipment may be defective and cannot be relied on for safety purposes.

Title/Transfer Fees: Any fees required to transfer the surplus equipment are the responsibility of the eligible organization.

Transportation: In the Surplus Equipment Form, the eligible organization must provide a plan for transporting the surplus equipment from the County to the eligible organization. The eligible organization must pay all expenses associated with the transportation of the surplus equipment.

Title: When surplus equipment is donated to an eligible organization, title and interest in the donated item vests with the eligible organization. The County has no title, property, possessory or any other interest in surplus equipment once a donation occurs.

Disclaimer of Warranties: The County makes no agreement, warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or use of the Surplus Equipment by the recipient or any other user.

- The recipient acknowledges the surplus equipment may be defective and that it cannot be relied on for safety purposes. The recipient has a duty to inspect the surplus equipment before it is used for any purpose.

- The recipient acknowledges that the County is not a manufacturer of the surplus equipment or a dealer therein; that the surplus equipment is being provided “as is” and “with all faults,” it being agreed and understood that all of the aforementioned risks are to be borne by the recipient or user of the surplus equipment.
- In no event shall the County be liable for any damages in connection with or arising out of the recipient’s or any other person’s or entity’s use of the surplus equipment.

Conflict of Interest: County employees and county officials are prohibited from taking possession of any surplus equipment on behalf of an eligible organization.

Purchase and/or Replacement of County Vehicles

All vehicles approved through the budget process shall be considered as approved and authorized to purchase during the budget year.

All automobiles that have been approved through the budgeting process shall be purchased and authorized as follows:

- Department Head shall develop a specification for a base vehicle plus desired options and obtain comparative quotes as required by the Purchasing Policy.
- At the time of delivery of replacement vehicles, the Department Head will determine the manner and time of disposal of the replaced vehicle. All proceeds from the disposal will be credited back to the department.

It will be the responsibility of the Department Head to request approval of the County Board for any deviations from the approved budget for vehicles.

Public Purpose of Expenditure

PURPOSE

The purpose of this policy is to define, by example, types of expenditures which are deemed, by the County Board of Commissioners and other public officials of the County, to serve a public purpose, are in the interest of the public or provide a positive return to the County and its residents by increasing employee morale, fostering economic development, encouraging citizens to volunteer services to County programs or which improve the County’s business relationship with those with whom we deal.

GENERAL STATEMENT

Aitkin County in principle does not pay for meals and/or refreshments for employees, the general public, or vendors and will use the utmost discretion as related to the expenditure of public funds. Funds will not be expended for any purpose which is specifically forbidden by Federal regulation, State law, Local ordinance or County policy. Expenditures made under this section shall be approved, authorized and documented according to established County financial procedures.

SPECIFIC TYPES OF EXPENDITURES ALLOWED

The County Board determines that the following expenditures are for a public purpose:

- **Meals and Refreshments** – See Travel, Meals, and General Reimbursement Policy.
- **Employee Training** - Funds may be expended for reasonable registration, tuition and travel expenses for approved conferences, seminars, workshops, tuition and approved County employment-related course work. Funds may be expended for tuition assistance required for retraining as part of a planned organizational change based on an organization change plan, or other business purpose, within the approved budget. Based on IRS regulations and State Statute tuition assistance amount may be taxable to the employee. Determination should be coordinated with Human Resources at the time of reimbursement.
- **Memberships and Dues** - When the primary purpose of the membership is for public benefit and not personal interest or gain, County funds may be used for memberships and dues as defined by Minnesota State Statute.
- **Clothing and other Sundry Items** - Employees may be supplied with uniforms, clothing, boots and other gear necessary for the performances of their job, in accordance with bargaining unit agreements, Personnel Rules and Regulations, or established departmental procedures. Based on IRS regulations, cash payments to employees for uniforms will generally be taxable to the employee. Reimbursement for clothing or uniforms purchases that are required by the county will not be taxable.

The County Board determines that the following are deemed to be an expression of appreciation for donated services rendered to the County.

Recognition/Reward Events

Departments may expend funds, to the extent budgeted, for awards given in conjunction with an annual employee, volunteer or provider recognition function or program.

Departments may expend funds, to the extent budgeted, for recognition of outstanding achievements or service by employees, providers (such as foster parents, e.g.) or volunteers (e.g. Sheriff's Reserves). Departments must make every effort to reduce or limit the amount of such expenditure.

The County Board determines the following have the primary purpose of creating a more productive workforce that better serves the community.

Special Events

Departments/Divisions may expend funds for receptions or similar functions in recognition of significant milestones such as retirements or resignations from County service, to recognize multiple years of work for the County, wellness and health promotions, and other similar events.

Administration shall establish procedures for limited expenditures upon the death, hospitalization or serious illness of persons of prominence and others having a direct relationship with Aitkin County.

Travel, Meals, and General Expense Reimbursement Policy

This policy has been adopted by the county board of commissioners of Aitkin County, Minnesota, to be consistent with Minnesota Statutes for claims against the county incurred by employees in the conduct of official Aitkin County business. Further, this policy is designed to provide the basis for determination that: there is authority for county expenditure, the expenditure serves a public purpose, and finally, the expenditure is necessary and directly related to the betterment of the functions of Aitkin County Government.

APPLICATION AND ADMINISTRATION

This policy shall apply to all employees and elected officials of Aitkin County. Additionally, "officials-elect" may be reimbursed under this policy for county business-related expenses from the date their election is certified until the date that they are sworn into their elective position.

If there should be any conflict between this policy and any current collective bargaining agreement between a recognized bargaining unit and Aitkin County, the bargaining agreement shall control. This policy shall be administered and interpreted by the county administrator under the direct supervision of the county board.

If there are recurring unique circumstances which exist in a particular department and may pose a conflict or inconsistency with this policy, that specific division manager/department head may establish special policies and rules of procedure to cover these circumstances. Said special policies and rules shall not be applicable until such time that they have been reviewed and approved by the county administrator or the county board.

TRAVEL/TRAINING REQUESTS AND APPROVAL

All travel must have prior approval from the Aitkin County Board of Commissioners through the annual budget process. Department Heads are authorized to approve budgeted travel, conferences, training, etc.

Overnight travel within a 50-mile radius of the Government Center requires Department Head approval.

Out of state overnight travel requires specific county board approval.

It is the department head's responsibility to remain within the travel allocation in the current year's budget.

TRAVEL – NON-CONFERENCE/TRAINING

TRAVEL TIME

County employees may be authorized work time (excluding Saturdays, Sundays, and holidays) for travel out-of-area the day prior to, the day of, and the day following the convention or meeting date(s).

TRAVEL EXPENSES OF SPOUSE OR OTHER MEMBERS OF THE FAMILY

If an employee's spouse or family accompanies the employee on a county business trip, the expenses attributable to the spouse or family members' travel, meals, lodging, etc., are in no circumstances reimbursable. If a spouse or family member accompanies an employee on a business trip, the reimbursable business expense for transportation and lodging is the single rate cost of accommodations for the employee.

TRAVEL AND EXPENSE CLAIM

An expense claim to be considered for reimbursement shall be prepared after return from travel and presented to the Auditor Department with department head approval in accordance with the adopted county financial policy.

Expenses must be accounted for and turned in for reimbursement within 60 days after they were paid or incurred.

Employee Reimbursement must have attached the detailed information required by the IRS for an Accountable Plan. The documentation must include a receipt plus:

- Name of the Establishment,
- Date and time,
- Cost of the Meal, Beverage, Tax, Tip etc.
- Purpose of the Meeting and
- Names of the people attending

BILLINGS

Employees who have been granted the use of a purchasing card shall make travel and lodging arrangements using the purchasing card. If a purchasing card cannot be used, they should make travel and accommodation arrangements in advance and request that Aitkin County be billed. All authorized travel expenses which are not billed directly to the county are to be paid by the employee, subject to reimbursement upon approval of a travel expense claim.

AUTHORIZED EXPENSES

Mileage Reimbursement - Employees may be reimbursed for traveling on official county business with a private automobile at the prevailing allowable mileage rate established periodically by the Internal Revenue Service (IRS). Employees choosing to use their private vehicle for official business will be reimbursed \$.10 less than the established IRS rate. Mileage shall be paid on the most reasonable direct route.

Employees are eligible for mileage reimbursement:

- when a private vehicle is used for official county business; and,
- for miles traveled in excess of those which the employee would normally have had to travel from residence to the Courthouse/Government Center or work site and return;

When traveling to an alternate work site (client, meeting, conference, training) the County will reimburse mileage at the current rate per mile for actual miles incurred between employee's residence and the alternate work site or from the normal work site to the alternate work site, whichever is the lesser of the two.

Airline Travel – Any Aitkin County employee or elected official who uses airline travel for County business must report the receipt of any credits or other benefits to the County by

notifying the Auditor Department within 30 days of receipt of any such benefits or credit. Any employee or elected official may accrue credits or other benefits to be used by the individual for additional airline travel for county business only. Credits or other benefits accrued to an employee or elected official who uses airline travel for County business cannot be used for personal gain.

Parking - Employees using private automobiles and county vehicles shall be reimbursed on an actual expense basis for parking. Receipts for such payments shall be submitted with the expense reimbursement.

Lodging and Incidentals - Employees may claim reimbursement for lodging, and incidentals at actual cost or IRS allowable per diem rate in accordance with the following:

- Charges for lodging will be reimbursed for only one night prior to the formal start and/or one night beyond the end of the conference, seminar, meeting, etc., and those nights when the event is in session. Receipts shall be submitted for reimbursement.

MEALS

Aitkin County in principle does not pay for meals and/or refreshments for employees, the general public, or vendors and will use the utmost discretion as related to the expenditure of public funds. Funds will not be expended for any purpose which is specifically forbidden by Federal regulation, State law, Local ordinance or County policy.

Expenditures made under this section shall be approved, authorized, and documented according to established procedures.

Department Heads are responsible for ensuring all department reimbursable expenditures are reasonable and necessary, comply with public purpose policy and procedure and are properly documented.

Client program expenses related to grants and client services are not covered by this policy but must adhere to regulations pertaining to that grant or service.

The actual cost of meals, not to exceed \$57.00 per day, while traveling outside of the County will be reimbursed.

The following daily amounts shall be followed:

Breakfast \$13.00 Lunch \$17.00 Dinner \$27.00

Employees shall be reimbursed for the actual cost of meals up to the combined daily maximum if they qualify for three (3) consecutive meals in a day.

- In travel status before 6:00 a.m. or away from home overnight
- Not within County boundaries during the regular scheduled lunch period
- In travel status until after 7:00 pm or away from their normal work location overnight

When meals are included as part of tuition or registration fee, no additional reimbursement can be claimed.

Tips are not reimbursable. If a tip or auto gratuity service fee is automatically charged by the restaurant, it will be reimbursed up to 20% of the meal allowance.

Day meals cannot be charged to a Purchasing (ELAN) card.

Meal delivery fees may be considered a reimbursable expense provided that the fee is a set amount shown on the receipt and not optional (such as a tip). However, the total amount for the meal plus delivery fee must remain within the maximum allowable amount for meal expenses.

Specific Meals and Refreshments allowed:

For staff and volunteers while performing election duties on Election Day, during election counts which are expected to exceed 4 hours and while performing election related duties where an unforeseen emergency or situation occurs which threatens the timely or accurate conduct of an election.

For staff involved in the transport of those who are in-custody, incarcerated or otherwise under the control of County employees. This includes clients of Human Services staff.

When part of a structured agenda for a departmental meeting, conference, workshop or other meeting and the official or employee has been authorized to attend with other organizations.

- Meals are not authorized when the meeting breaks for lunch, only when presentations continue throughout the meal period and only for Aitkin County employees.

For County sponsored meetings, conferences or workshops where participants include County and non-County attendees, if the meeting continues through the meal period and doesn't break.

- A registration fee may or may not have been charged.

At meetings (such as department wide quarterly meetings, management meetings, county-wide or department wide meetings for all managers, supervisors, etc.) when the refreshment and/or meals are necessary to sustain the flow of the meeting and to retain the attention of the attendees. ***The meeting cannot break for lunch.***

For food and beverage purchase as part of a special county event, recognition, or emergency response event, see Public Purpose of Expenditures.

The county never pays for alcoholic beverages or employee social events.

Meal Taxability and Documentation:

Employer provided food and beverages that do not meet the IRS 'Meals as Entertainment' exclusion criteria (through the Directly Related Test or the Associated Test or 'De Minimis Exclusion') is subject to income and employer taxes and shall be included in the employee's total taxable income.

All meals and/or refreshments purchased and submitted for payment (Purchasing Card or Employee Reimbursement) must have attached the detailed information required for an Accountable Plan. The documentation must include a receipt plus:

- Name of the Establishment,
- Date and time,
- Cost of the Meal, Beverage, Tax, Tip etc.
- Purpose of the Meeting and
- Names of the people attending