

Financial Sections of General Code

Approved March 15, 2016

SUBCHAPTER 5.1: BUDGET PREPARATION AND EXECUTION

Section 1. General

1.01. Contents and scope. This policy governs the preparation, submission, approval and implementation of the annual budget for Polk County, Wisconsin under the Laws of the State of Wisconsin and subject to other relevant policies adopted by the Polk County Board of Supervisors including, but not limited to, policies on fund balance, procurement, investment, and employee compensation and benefits as well as any negotiated labor agreements.

1.02. Definitions. For purposes of this policy, the following terms have the meanings given:

- a. *Budget* means a plan of raising and using financial resources to ensure achievement of tasks and execution of functions during a budget period.
- b. *Budget period* means one calendar year.
- c. *Budget reserve* means unassigned general fund balance as of the close of the preceding year as determined through the County's annual audit.
- d. *Contingency account or fund* means that described in Wisconsin Statutes 59.
- e. *Debt service* means scheduled payment for principal, interest, or both for a bond, loan or other similar financial obligation.
- f. *Fiscal year* means a calendar year from January 1 through December 31 of that same year.
- g. *Budget year* means the fiscal year following the current fiscal year.
- h. *Forward year* means a fiscal year following the budget year.
- i. *Program* means a systematized list of activities aimed at achieving a general goal and tasks, implementation of which is proposed and fulfilled by a spending unit in accordance with its responsibilities.
- j. *Capital expenditure* means an expenditure of greater than \$5,000 on an individual item with an expected use for greater than one year.
- k. *Capital budget* means an accounting of non-recurring capital expenditures of greater than \$25,000 incorporated in the annual budget in the budget year.
- l. *Capital improvement plan* means a estimate of the capital budget for the County for the budget year and four forward years.
- m. *Forward year estimate* means the estimated annual budget for any fiscal year following the budget year.
- n. *Performance measure* means an indicator that shows, in current terms, the adequacy of a program in meeting its objectives.
- o. *Budget classification* means a consolidated, systematized grouping of budget revenues and expenditures (including borrowing net of principal payment), as well as of sources of budget financing based on such features as economic essence, functional activity, organizational structure, and other features established in compliance with Wisconsin statutes and County Board policy.
- p. *Revenues* mean both recurring revenues, e.g. taxes, grants, aids and fees, and one-time revenues, e.g. assigned fund balances, revenue from the sale of property and bequests.
- q. *Budget balance* means the difference between total revenues and total expenditures in a fiscal year by fund and in total.

- r. *Balanced budget* means a budget within which total revenues are greater than or equal to total expenditures.
 - s. *Structural balance* means the difference between recurring expenditures and recurring revenues in any calendar year.
 - t. *Personnel costs* means the sum of wages, salaries, and benefits for a department or agency as defined in the chart of accounts.
 - u. *Operating costs* means the sum of payments for utilities, materials other than capital expenditures, rent, travel, vehicle expenses and others as defined in the chart of accounts.
 - v. *Professional services* means the cost of outside consultants or provision of services by outside agencies as defined in the chart of accounts.
 - w. *GASB* means the Government Accounting Standards Board.
 - x. *Enterprise fund* means a fund designated by the County Board to operate as an independent cost center sustained by revenues from providing goods and services.
 - y. *Finance director* means the director of the Department of Administration.
 - z. *Uniform Chart of Accounts (COA)* means the uniform chart of accounts as developed by the Wisconsin Department of Revenue as in effect at any given time.
 - aa. *COA Section* means one digit Chart of Accounts expenditure classification, e.g. 100, 200, 300.
 - bb. *COA Sub-section* means two digit Chart of Accounts expenditure classification, e.g. 110, 120, 320.
 - cc. *Virement* means transfer of resources from one expenditure category to another to avoid a deficit.
 - dd. *External agency* means an organization that is not directed by the County Board or an elected County official to which the County makes or has made an appropriation other than expenses for a County Board Supervisor or other delegate to participate in meetings.
- 1.03. Budget funds. The draft and final budgets must be reported using the following fund structure:
- a. *General fund.* The following specific provisions govern the general fund:
 - i. Contents. To the greatest extent permitted by State of Wisconsin and federal law, accounting standards, funding agreements, County Board policy and practicality, all revenues and expenditures must be incorporated in the general fund.
 - ii. Categorization of revenues and expenditures. General fund revenues and expenditures will be reported in the draft and final budget and in subsequent financial reports using the classifications prescribed in Wisconsin statutes section 65.90 as in effect at any given time.
 - b. *Contingency fund.* The county administrator must recommend a funding level and source for a contingency fund pursuant to Wisconsin statutes as part of the annual budget recommendation, including any carryover of prior year unused fund balance.
 - c. *Enterprise fund.* The County Board designates the Lime Quarry and Golden Age Manor as enterprise funds.
 - d. *Asset protection and internal investment fund.* The asset protection and internal investment fund is established to provide loans to County agencies to invest in goods or other assets that result in a savings to the County. Expenditures from this fund are to be repaid from the County agency without interest.

- e. *Retirement fund.* The retirement fund is established to fund cost overruns in departments due to payout of unused sick leave as provided by other sections of this code.
 - f. *All other funds.* Funds that are required to be separate by State of Wisconsin or federal law, accounting standards, funding agreements, County Board policy or practicality must be combined to the extent possible and reported using the same categorization of expenditures as is required for the General Fund.
- 1.04. Consolidated budget. In addition to individual budget funds as specified in this section, the county administrator must prepare a consolidated, or all funds, budget combining all revenues and all expenditures following adoption of the annual budget.
 - 1.05. Budget revenues. Budget revenues must be reported using all categories as required by state law and accounting practices, including but not limited to property tax levy, fees, charges, interest income, interest on delinquent taxes, grants, state aid, federal aid, and fines.
 - 1.06. Budget expenditures. Budget expenditures must be reported using all categories as required by state law and accounting practices, including but not limited to personnel costs, operating expenses, professional services, supplies and expenses, fixed charges, debt service, grant contribution, capital outlay and transfers.
 - 1.07. Components of budget legislation. Budget legislation consists of the laws of the United States of America, of the State of Wisconsin, this policy, and other financial policies adopted by the Polk County Board of Supervisors.

Section 2: Budget preparation

- 2.01. Classification and level of detail. Proposed and final budgets must be prepared in accordance with Wisconsin Statutes, specifically section 65.90 as in effect at any given time in terms of classification, form and detail. In addition, budgets must also be prepared listing revenues and expenditures by program as possible. Revenues and expenditures must be separately reported and, unless specifically permitted by the county administrator and identified in the proposed budget, revenues may not be used to offset expenditures.
- 2.02. Budget calendar. The county administrator must distribute a budget calendar to all agencies on or before February 1 of each year. The budget calendar must set out dates for the submission and review of budget documentation and submissions by the county administrator, the governing committees, the General Government Committee or its successor, and the board of supervisors.
- 2.03. Development of the draft budget. The following individuals or committees have assigned responsibilities for the development of the draft budget.
 - a. *County administration.* In accordance with Wisconsin Statutes section 59.18, as in effect at any given time, the county administrator is responsible for the preparation and submission of the annual budget.
 - b. *Governing committees.* Each governing committee is responsible for the review of and recommendation on budgetary goals and objectives for each program under their jurisdiction.
 - c. *Department heads.* Each department head is responsible for the preparation of the budget narrative and budget request for their department as well as any analysis as requested by the county administrator, governing committee, or County Board.

- d. *General Government Committee.* The General Government Committee is responsible for reviewing the overall budget context and advising the county administrator on overall budget size, revenues and expenditures including employee benefits and wages.
- 2.04. Fees and charges. The County Board must annually adopt a fee schedule prepared by the county administrator as an addendum to the annual budget. This schedule incorporates any local fees or charges, including fees for service, over which the County Board has discretion.
- a. *Contents.* The fee schedule must include past year fee rate, current year fee rate, proposed rate, past year actual revenues, current year projected revenues and forward year estimated revenue. Where possible, the schedule must also include an estimate of the actual cost of providing the good or service to which the fee relates and, unless directed otherwise by the County Board, the fee must equal the cost of providing the good or service. The county administrator is responsible for prescribing the form of this report.
 - b. *Adoption.* Department heads must submit sections of the fee schedule for their departments on or before July 15. The county administrator must review and make a recommendation on a proposed fee schedule prior to the August regular meeting of the County Board. Once adopted, projected revenues from these fees and charges must be incorporated in the annual budget proposal.
 - c. *Amendment.* Fees and charges may be amended as part of the consideration of the annual budget. Following adoption of the annual budget, any amendment to the fee schedule must be made in the same manner as any amendment to the annual budget.
 - d. *Lime Quarry, special provisions.* Notwithstanding the provisions of this section, the lime quarry manager may set the prices of all products manufactured at the lime quarry to reflect change in costs or market prices with the approval of the county administrator and in compliance with Wisconsin Statutes sec. 59.70 (24).
- 2.05. Budget submission. In addition to those requirements set out in Wisconsin Statutes, the proposed budget submitted by the county administrator must provide additional information for consideration by the board and meet additional requirements where possible. These include:
- a. *Contents.* This required financial information and financial information on prior year, current year, budget year, and two forward year estimates along with a table listing all of the differences between the proposed budget and the forward estimates from the prior year in the administrator's recommendation, prepared as amendments to the prior year's forward estimates.
 - b. *Proposed budget balance.* The budget submitted by the county administrator must be balanced and must be structurally balanced or incorporate a plan to regain a structural balance should the administrator deem it expedient to defer from a structural balance for a period of time.
 - c. *Unpredictable revenues.* Any revenues deemed by the administrator to be unpredictable, i.e. that there is uncertainty over all or a portion of the collection estimate included in the budget, must be identified and paired with contingent budgetary actions to be implemented should any shortfall occur in these revenues.
 - d. *"Last dollar" levy.* For purposes of budget preparation and adoption, all other revenues must be incorporated to offset expenditures prior to the inclusion of any property tax levy revenues.

- e. *Commitment and assignment of funds.* Any funds to be carried over from the current to the budget year must be expressly identified in the budget proposal.
 - f. *Transfers from enterprise funds.* The budget as submitted may not incorporate any transfer from any enterprise fund in an amount greater than the sum of the projected difference between revenues and expenditures for the current year following the annual audit. In the case of Golden Age Manor, an amount equal to the lesser of this difference and the depreciation determined by the annual audit must be budgeted for capital improvements.
 - g. *Unassigned General Fund balance.* The budget as submitted must provide for an unassigned general fund balance of at least 20 percent of general fund expenditures at the close of the following fiscal year or, if the actual fund balance according to the most recent audit was less than 20 percent, a plan to increase the balance at a rate of at least two percent of general fund expenditures per year.
 - h. *Grant funds.* The budget must include all grant funds to the extent possible. The department head must include a copy of the relevant grant award and grant budget to the finance director as part of the department's budget request and also have available, on request, any other supporting documentation. If the grant award and grant budget is not available at the time of the budget request, the department head must submit this documentation to the finance director as soon as practical once it is available.
 - i. *External agencies.* The budget must include information as to whether external agencies have submitted a letter of agreement with the County, a copy of their bylaws, information on insurance coverage, indemnification of the County, audited financial statements as available, and regular and current financial reports.
 - j. *Resolution format.* The proposed budget resolution must contain enabling language for any grant or other revenue recommended to be incorporated in the annual budget and for the recommended continuation of any funds assigned or committed by past County Board action.
- 2.06. Public availability and fiscal transparency. The county administrator's budget recommendation including budget narratives, a letter of transmittal, and a budget summary must be made publicly available on submission of the annual budget.
- 2.07. Capital improvement plan. The county administrator must annually submit a capital improvement plan for all departments along with the annual budget. The capital improvement plan must provide information as to specific items to be purchased, their priority in accord with the priority set by the County Board, alternatives should the purchase not occur or occur at a later date, financing options, and associated performance measures. The capital improvement plan must incorporate expenditures for the budget year and four additional forward years.
- 2.08. Budget review and adoption. The following committees have the responsibility assigned them in the adoption of the annual budget.
- a. *Governing committees.* The annual budget for each program must be prepared and presented to the relevant governing committee at the first meeting following its submission by the county administrator. Any governing committee may, by majority vote, recommend an amendment to the draft budget for consideration by the General Government Committee and the County Board. These recommendations include those on any amendment recommended by the General Government Committee.

- b. *General Government Committee.* The county administrator must present the recommended annual budget to the General Government Committee at its first meeting following the budget's submission. The General Government Committee must review the recommended budget and make a recommendation to the County Board as to overall amount of the budget in total and by fund and sources of financing. This recommendation must be in the form of an amendment or amendments reducing or increasing expenditures or amending overall revenue composition, provided the proposed budget would remain balanced. Amendments affecting expenditure amounts for individual programs must be referred to the appropriate governing committee for their recommendation as possible prior to consideration by the County Board. The General Government Committee must also review amendments recommended by governing committees for compliance with the overall budget recommendation and prior to the consideration of any amendment by the full County Board.
 - c. *County Board.* The County Board must consider the recommendation of the General Government Committee as to overall budget amount and revenue composition and every amendment proposed by governing committees or the General Government Committee.
- 2.09. Budget adoption and reporting. Pursuant to Wisconsin statutes, the County Board is responsible for the adoption of the annual budget. In addition to the reports required by Wisconsin statutes, the annual budget report, which must be completed within three months following adoption, must contain expenditures by program, performance measures and history, and a summary and explanation of the budget in simplified terms including major factors affecting the annual budget. If the adopted budget is not balanced, this report must explain the reason for this imbalance.

Section 3: Budget execution

- 3.01. Responsibilities for budget execution. As provided by Wisconsin Statutes section 59.18, the county administrator is responsible for the implementation of the annual budget and enforcement of the budget policy, including any reports required under this section. Each department head is responsible for the implementation of their annual budgets and providing prompt and accurate reports on budget execution to the county administrator and to the appropriate governing committee. The finance director has the responsibility to administer all of the functions assigned to the Department of Administration and carry out duties and responsibilities including, but not limited to, those of the County Auditor, as enumerated in Wisconsin Statute Section 59.47 and respective county policy and to specifically oversee all financial practices in all departments or agencies, including reporting and software, not otherwise prescribed by Wisconsin Statutes.
- 3.02. Virement rules. During the budget year, any department head may transfer funds to any sub-section within any of the following COA sections: operating expenditures, personnel costs, capital costs, and professional services provided all other relevant policies are complied with. Any transfer in excess of \$5,000 between sub-sections must be approved by the county administrator, and any transfer in excess of \$20,000 within a budget category must be approved by the General Government Committee. The General Government Committee may recommend the transfer of funds from one COA section to another or one department to another pursuant to Wisconsin Statutes section 65.90, with subsequent approval by the County Board.

- 3.03. Reporting. Each department must report at least quarterly to the governing committee with oversight responsibility on program budget execution and on progress towards program annual goals at least semi-annually in a form prescribed by the county administrator. The county administrator or his/her designee must report quarterly to the County Board and General Government Committee on overall budget execution and projections for the remainder of the calendar year on revenues, expenditures and anticipated ending fund balances. The county administrator must also prepare a report on the condition of the county in July of each year pursuant to Wisconsin Statutes sec. 59.18. This report must include annual reports from each department or division listing an overview of programs and services and financial and performance results from the prior year.
- 3.04. Annual Audit. The county administrator must present the results of the annual audit required pursuant to Wisconsin Statutes to the General Government Committee and the County Board at their first meeting following the completion of that audit, with a copy of the audit placed in the Office of the County Clerk and the Department of Administration and published on the official County website.
- 3.05. Budget amendments. Except as provided in this section and as permitted by Wisconsin statutes, no funds in excess of amounts approved by the County Board in the budget may be expended without County Board approval.
- a. *Contingency fund transfer.* Pursuant to Wisconsin Statutes section 65.90, the General Government Committee may transfer funds from the contingency fund to any budget category subject to limitations under Wisconsin Statutes and as possible following a recommendation by the county administrator. Such transfer must be requested by the county administrator when, in his or her judgment, department expenditures will exceed revenues in an amount beyond that authorized by the budget resolution.
 - b. *County board amendments.* Pursuant to Wisconsin Statutes section 65.90, the County Board may amend the annual budget to increase or decrease any expenditure, provide for a new expenditure or amend any revenue amount subject to any restriction by state or federal law, accounting standards, funding agreements, or practicality. Any proposed amendment, where possible, must be accompanied by a recommendation from the county administrator, governing committee, and General Government Committee prior to its consideration.
 - c. *Mid-year grant application and approval procedure.* If grant funds become available at a time when inclusion in the regular budget process is impractical, the county administrator or her/his designee must approve or disapprove the application for any grant, with notification to the appropriate governing committee and, if the receipt of this grant would result in a change in appropriations within the meaning of Wisconsin statutes sec. 65.09 (5)(a), prepare a resolution for consideration by the County Board. On receipt of grant funds, a budget must be submitted to the county administrator and governing committee, with the department head providing supporting documentation as to the permitted use of these funds or other contractual obligations on request including grant award and grant budget.
- 3.06. Year-end expenditures. Unless provided by other policy, state or federal law or regulation, grant or other funding contract, all expenditures for capital assets must be made so that delivery of that asset occurs on or before December 31 in the year in which the purchase was authorized unless authorized by the county administrator or his/her designee.

- 3.07. Cancellation. For purposes of budget execution, it is considered that all other revenues and all non-general fund revenues are expended to the extent possible before property tax levy funds are expended. Further, unless otherwise provided by state or federal law or regulation, County Board action, or a condition of funding pursuant to GASB regulations, all unspent appropriations revert and cancel to the general fund at the close of the fiscal year.
- 3.08. Year-end reconciliation. If it is determined after the close of a fiscal year that it is necessary to adjust various accounts and funds to provide a more transparent accounting of revenues and expenditures or to adjust for final financial results, the county administrator must prepare and submit a resolution to the County Board that authorizes such adjustments. These adjustments must include any transfer needed from the employee retirement account in an amount necessary to prevent a deficit for any department due to retirement costs, to the extent that this action does not create a deficit, to reimburse the contingency fund for any transfer pursuant to section 3.04. For purposes of this paragraph a deficit means the difference between total revenues and total expenditures by department by fund.
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SUBCHAPTER 5.2: PURCHASING

Section 1: General

- 1.01. Purpose. The purpose of this policy is to provide for a fair, accountable, and transparent public procurement system in Polk County implemented in compliance with federal law and regulation, state statute and regulation, and County Board policy, maximizing efficiency with the use of public funds and establishing a consistent public purchasing process that meets high standards of integrity.
- 1.02. Scope. This policy applies to all Polk County departments and all organizations for which Polk County is the fiscal agency and where not superseded by state or federal law, rule or regulation or other funding agreements or contractual provisions.
- 1.03. Definitions. For purposes of this policy, the following terms have the meanings given:
- a. *Business* means a corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
 - b. *Capital equipment* means that defined in the budget preparation and execution policy.
 - c. *Certificate of insurance* means a document issued by an insurer providing evidence that an insurance policy exists and including information such as insurer, insurance agency, insured, types of insurance, policy numbers, effective dates, limits, certificate holder, cancellation procedure, special provisions, e.g., additional insured, and the name of the representative authorizing the policy.
 - d. *Change order* means a written method of modifying a contract (purchase order) after it has been written by way of another purchase order.
 - e. *Contract* is written evidence of an agreement between two parties (e.g. the County and a vendor) to perform some act or service. A contract may cover a specific transaction or a series of transactions. A contract is legally enforceable on both parties.
 - f. *Invoice* means a document that itemizes charges for materials or services furnished upon which payment is due.

- g. *A lease* means an agreement, whether oral or written, for transfer of possession of real property, or both real and personal property, for a definite period of time.
 - h. *Petty cash* means a fund in the form of currency or coin that is advanced by an organization unit from appropriated funds to an authorized employee.
 - i. *Procurement* means the entire span of acquisition from determination of need through final disposition, with purchasing one segment of this cycle.
 - j. *Procurement cards* are credit cards issued to purchasing agents to simplify the procurement of smaller items.
 - k. *Professional services* are unique, technical and/or infrequent functions performed by an independent contractor qualified by education, experience and/or technical ability to provide services of a specific project nature and predominately intellectual in character.
 - l. *Public works projects* are as defined in Wisconsin Statutes section 59.29 as in effect at any given time.
 - m. *Purchase order* means a formal offer to buy.
 - n. *Purchasing agent* means that person entrusted by this policy to represent their department and authorized to initiate purchasing transactions.
 - o. *Quotation* means a vendor reply to inquiry, giving terms and conditions of sale, or an offer to sell.
 - p. *Responsible bidder* means a business that has the capability in all respects to perform fully the contract requirements, and the experience integrity, reliability, capacity, facilities, equipment, and credit which will a good faith performance.
 - q. *Responsive bidder* means a business who has submitted a bid, which conforms in all material respects to the requirements, set forth in the invitation for bids.
 - r. *Request for proposal* means an invitation presented for vendors to submit a proposal on a specific commodity or service.
 - s. *Request for quotation* means an invitation for vendors to submit a proposal when the specifications of a product or service are already known and when price is the main or only factor in selecting the successful bidder.
 - t. *Vendor* means a business with which the County has purchased or may purchase a good or service.
 - u. *W-9 form* means a document issued by the United States Internal Revenue Service (IRS) for certain tax purposes.
- 1.04. Responsibilities. The following agencies have the responsibilities assigned them under this policy in addition to those assigned under other policies, state and federal laws and regulations.
- 1.05. Department of administration. Except as otherwise provided in this policy, the purchasing policy must be implemented and administered by the finance director or his/her designee. In so doing, the administrator or designee must:
- a. Oversee all bid specifications based on information furnished by the department for which the purchase is to be made, ensuring that the bid specifications fully describe the goods or services to be purchased and clearly differentiate the same from similar goods or services;
 - b. Determine the form and required contents of all requests for proposal and requests for quotation;
 - c. Ensure compliance with all written policies, administrative practices and procedures as adopted by the County Board;
 - d. Ensure the maintenance of the fixed asset inventory;

- e. Periodically review and recommend modifications and changes to purchasing policies, administrative procedures and practices where necessary;
 - f. Ensure departments have adequate funds available to undertake a requested purchase and, if not, modify or cancel the purchase to ensure budget compliance;
 - g. Review and, as needed, amend the quality and quantity of goods or services requested or otherwise make substitutions;
 - h. Ensure all bids are adequately publicized to inform local bidders; and
 - i. Maintain oversight over department purchase requests as they relate to need, quality, price, and conformity with County standardization practices.
- 1.06. Department head. It is the responsibility of the department head to:
- a. Maintain a current list of prequalified persons, vendors or products to ensure maximum free and open competition;
 - b. Ensure that there are funds budgeted to pay for purchases;
 - c. Report to the finance director any purchasing deviations from line items budgeted;
 - d. Document the receipt of all merchandise or services purchased;
 - e. Prepare appropriate invoices for payment; and
 - f. Properly record purchases made under the proper line item account code.
- 1.07. Departmental purchasing agent. It is the responsibility of the purchasing agent to:
- a. Ensure that all relevant Board policies, state and federal laws are followed;
 - b. Prepare all necessary documentation as required by this policy including requests for proposal and requests for quotation;
 - c. Determine the method of purchasing that is the most appropriate;
 - d. Conduct the purchasing process; and
 - e. Preserve and transmit all required documentation to the department head.
- 1.08. Ethical Standards. Polk County employees must meet the highest standards of integrity in public procurement and failure to do so will be subject to disciplinary action. Accordingly:
- a. No County employee or official may solicit, demand, accept or agree to accept from any other person a gratuity in connection with any decision, approval, disapproval or recommendation of a purchase request.
 - b. Purchases by the County for the personal use of an employee or official are prohibited even if reimbursement is made to the County for the cost of the purchase.
 - c. Any employee who identifies a conflict of interest must disclose that conflict in writing to the purchasing agent and remove himself or herself from the procurement process.
 - d. Any employee who identifies a violation of federal criminal law involving fraud, bribery, or gratuity violations that potentially affect a federal award must immediately notify law enforcement and the county administrator.
 - e. No employee may disclose confidential proprietary information from solicitations to other vendors or using that information for personal gain.
 - f. Any purchase made by an employee or County official that is contrary to these ethical provisions must in no way obligate the County for payment. Any such purchase will be considered a personal liability of the involved employee or official.

Section 2: Considerations in purchasing

- 2.01. Energy consumption. The Polk County Board of Supervisors recognizes the importance of energy conservation in cost control and in environmental protection. Accordingly, in purchasing capital equipment that has an energy use of significance a department must

request energy consumption data from all vendors in any request for proposals and may consider potential energy costs in determining the lowest bidder.

- 2.02. Local preference. The Polk County Board of Supervisors recognizes the importance of County purchases in supporting the local economy, and supports local purchases whenever possible within the constraints of state and federal law. Departments must take into consideration the monetary value of the availability of local service and transportation costs in determining the lowest price and, further, if the difference in price between a local vendor and a vendor from outside Polk County is negligible, must award the bid to the local vendor, all else being equal and absent any legal restriction that would prevent this award including federal contracts that prohibit such consideration,
- 2.03. Contracting authority. Only the County Board chair, county administrator or the finance director can legally bind the County to any total lease valued or contract valued at or above \$12,000 unless state law requires the signature of the county treasurer or the county clerk or any other party. Copies must be forwarded to the Department of Administration. The human services department, public health department and Golden Age Manor may serve as a contracting authority for client services under \$25,000 annually, with any contract above that amount approved by the county administrator.
- 2.04. Public works construction projects. In accordance with Wisconsin Statutes 66.0901 and 59.52 as in effect at any given time, public works construction projects over \$25,000 must be competitively bid and must be awarded to the lowest responsible, responsive vendor without regard to the vendor's location. All public works construction projects of \$25,000 or less may be let in the same manner as all other procurements under this chapter and the county administrator is authorized to let such contract. A notice pursuant to Wisconsin Statutes 59.52 must be prepared as required and, in an emergency, the procedure followed as provided in this same section as in effect at any given time. All highway department construction projects and equipment purchases of \$150,000 and greater require the approval of the Polk County Board of Supervisors.

Section 3: Certain purchases, special provisions

- 3.01. Grant funded purchases. Unless specifically prohibited by the granting authority, grants must be administered through a written contractual agreement between the County and the party providing the service. All purchases made with grant funds must comply with the terms and conditions of the grant and this policy. If the grant requirements conflict with this policy, the finance director may suspend those provisions of this policy only for the specific grant and for the duration of that grant. The department head is responsible to comply with purchases covered by grant funds.
- 3.02. Promotional items. Departments may purchase items of negligible value for educational or promotional purposes to be given to members of the public only at events generally open to the public or educational sessions. Such items must be clearly and permanently marked with the name of the County and the department or agency and funding for these purposes specifically identified in the annual budget.
- 3.03. Meals or incentives. Departments may not purchase food, gifts except promotional items, or provide incentives or rewards to employees, volunteers or others without prior authorization from the finance director. This requirement does not apply to employees in travel status nor to meals purchased by the Sheriff's Department in connection with an emergency event.

- 3.04. Appliances. Departments may not purchase any large or small appliance such as a microwave, coffee maker, refrigerator or similar without approval of the finance director or his/her designee.
- 3.05. Computers and peripherals. In addition to the approval by the Department of Administration, purchase or lease of computer hardware and software must be managed and authorized for procurement by the Department of Information Technology. For purposes of this section, computer hardware also includes copiers. The Director of Information Technology will manage and procure all requisitions for computer hardware and software. Technological compatibility must be a consideration in awarding any contracts for computer hardware and software.
- 3.06. Purchases of legal services. No purchasing agent may approve the purchase of legal services without the prior approval of the corporation counsel. The corporation counsel may establish a procedure for granting such approval.
- 3.07. End of year purchases. As prescribed by the budget preparation and execution policy, unless provided by other policy, state and federal law, grant or other funding contract, all expenditures for capital assets must be made so that delivery of that asset occurs on or before December 31 in the year in which the purchase was authorized unless authorized by the finance director or his/her designee.
- 3.08. Highway department contracts. Pursuant to Wisconsin Statutes section 83.035 as in effect at any given time, the highway commissioner is, upon notification to the County Board, authorized to execute contracts for the purpose of enabling the County to construct and maintain streets and highways in cities, villages and towns within the County, with a copy filed with each respective clerk. Maintenance includes the furnishing of any road supplies and equipment to these municipalities. The highway department may not undertake construction or maintenance for such municipalities in excess of the County aid authorized by the County Board. All contracts executed with any municipality for such roadwork must provide that payment in full must be made to Polk County within 120 days of the completion of such roadwork. If a municipality fails to make payment in full within this time, the highway department may not undertake any further work of any type or furnish any road supplies or equipment for or to this municipality. Further, if a municipality fails to make payment in full within this time, any unpaid balance outstanding bears interest at the rate of 5% per annum until paid. Highway contracts entered into under the authority of this policy must follow the standard contract approval and route and process as established by County policies and procedures as well as conformity with state law.
- 3.09. Indefinite quantity contracts. Notwithstanding any other provision of this policy, and as permissible under state and federal law, rules and regulations, the highway commissioner may enter into a contract to procure materials for construction, maintenance and repair of highways valid for a period not to exceed one year. For purposes of this section, an indefinite quantity contract means an agreement to procure these materials at a set rate per amount, with the total amount to be purchased estimated only. These contracts must competitively bid following the standard procurement procedure appropriate for the estimated dollar cost of materials to be purchased during that year.
- 3.010. Prohibited expenditures. Unless specifically authorized by the County Board, the following expenditures may not be made using County funds:
- a. Entertainment expenditures such as tickets for admission to public entertainment events, theaters, and similar;
 - b. Alcoholic beverages and tobacco;
 - c. Retirement parties or similar events including awards and gifts unless authorized under an employee recognition policy;
 - d. Charitable contributions made by County employees;

- e. Common courtesy expenditures such as flowers or cards for ill County employees or local officials; and
- f. Any travel or related expense for employee's spouse, other family members or for any acquaintances.

Section 4: Standard procurement procedure

- 4.01. Determination of need. A department head, or his/her designee, must initiate the procurement process through a determination of need, that the operation of that department requires the purchase of goods or services from an external vendor. If funds for that purpose have been appropriated in the annual budget, the department head or his/her designee may initiate this process by transmitting a request to the purchasing agent for that department or division. If funds for that purpose have not been appropriated, the procurement process may not be initiated until such time as funds are appropriated.
- 4.02. Procedures for competitive bids. Departments must use a bidding process in purchasing unless otherwise provided in this policy and even if not required are encouraged to do so. Awards must be made to the lowest responsible bidder. In determining the lowest bidder, the purchasing agent may consider cost of operation over the life of the item. When comparing bids or quotes, the following elements must be considered: price, conformity with original specifications, warranty, delivery date (if specified), and freight charges. Upon reviewing the bid results, the purchasing agent may elect to solicit additional bids. The Department of Administration will be the agent of record on the purchase order; it is their responsibility to see that the requirement for competitive bidding has been met. A purchasing agent must take steps to ensure that any information relating to a bid provided a single potential bidder is provided to all potential bidders, e.g. through a listing of questions and responses on the County's website.
- 4.03. Purchasing process. Except as permitted by the sole source purchase provisions of this policy, all purchasing agents must follow the procedures listed below based on the amount of the purchase. No purchase of a single good or commodity at the same general time may be divided into separate purchases to qualify for a lower threshold of approval, process or documentation.
- 4.04. Procurement memorandum. A purchasing agent must prepare a procurement memorandum to accompany all other required documentation in cases of purchases using federal funds. That memorandum must include the reasoned decision for making an award, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract. If federal funds are to be expended, the memorandum must also demonstrate that all affirmative steps were taken to permit maximum participation by small and minority business, and women's business enterprises as required by federal law or regulation.
- 4.05. Orders less than \$3,000. If a purchasing agent determines the expected cost of the purchase is less than \$3,000 and the goods or services are not offered on standard contracts, the purchasing agent may place the order directly with the vendor using his or her best judgment as the basis for vendor selection. The use of purchase orders is optional for orders less than \$3,000.
- a. Once the order is accepted by the vendor and the delivery of goods and services takes place the purchasing agent completes a direct payment voucher or a purchase order payment voucher if a purchase order has been issued attaching the appropriate invoice unless this purchase qualifies for completion using a procurement card.
 - b. The purchasing agent must forward the approved direct payment voucher to the Department of Administration for processing except in the case of purchases made through

a procurement card. The Department of Administration must, on submission of the appropriate documentation, pay the vendor of these goods or services.

- 4.06. Orders greater than or equal to \$3,000 and less than \$7,500. The purchasing agent must obtain at least two informal bids, i.e. not necessarily in writing or obtained through a full request for proposal process. These bids may include current price lists or catalogs, recent price quotations on file (within 30 days), phone or verbal quotations solicited from vendors and written informal price bids (including faxes).
 - a. Once the department secures the lowest informal bid the purchase/order may be placed with the successful bidder.
 - b. After the delivery of goods or services takes place the department completes a voucher for payment attaching the invoice, purchase order, and documentation of the informal bids.
 - c. The purchasing agent must forward the approved direct payment voucher to the Department of Administration for processing. The Department of Administration must, on submission of the appropriate documentation, pay the vendor of these goods or services
- 4.07. Orders greater than or equal to \$7,500 and less than \$15,000. The purchasing agent must forward specifications and requirements and bid documentation to the Department of Administration for approval, including justification for specification of a specific brand or model that may limit competition. The finance director or his/her designee must review the designation and approve the process, including specification of a specific brand or model. On approval, the purchasing agent must issue a request for proposals, allowing two weeks for a response unless another time period is authorized by the finance director and obtain three formal written bids or proposals.
 - a. If vendors submit bids for a product or service different from that specified, a determination must be made if the alternate item is an equal substitution. The vendor must provide sufficient product information for the user to evaluate the alternate item. If not awarding to the low bidder, justification for not accepting the low bid must be documented.
 - b. The purchasing agent must complete an electronic requisition form, documenting at least three formal written bids or proposals, which may include faxed and emailed bids or proposals. The prices quoted must represent all costs including delivery and, if applicable, estimated energy usage over the life the equipment.
 - c. The department must execute a purchase order to the successful bidder and forward to the Department of Administration for review to ensure proper procedure was followed upon approval.
 - d. Following delivery of goods and services by the vendor and acceptance of goods or services by the designated department, the department must complete an electronic receipt of the goods and services.
 - e. On receipt of the invoice and completion of the electronic receipt, the Department of Administration must pay the vendor of these services or goods.
- 4.08. Orders greater than or equal to \$15,000. A department head must request authorization from the Department of Administration to proceed with the advertisement of bids, furnishing complete and detailed specifications on the item to be purchased including any specification of a particular brand or model that may limit competition.
 - a. A department head must develop a written request for proposals and submit to the Department of Administration for publication.
 - b. The finance director or his/her designee must review the designation and approve the process, including specification of a specific brand or model.
 - c. On authorization, the Department of Administration must publicly advertise the bid in the County's official newspaper and on the County website and wherever possible through

direct contact with those on the current list of prequalified persons, vendors or products, providing adequate time for response.

- d. All bids received must be sealed and received prior to the determined date of opening.
 - e. All bids received must be publicly opened, with the department head and/or purchasing agent and a representative of the Department of Administration present.
 - f. If vendors submit bids for a product or service different from that specified, a determination must be made if the alternate item is an equal substitution. The vendor must provide sufficient product information for the user to evaluate the alternate item. If not awarding to the low bidder, justification for not accepting the low bid must be documented.
 - g. Decision on bid award is the responsibility of the purchasing agent, including whether to reject all bids provided the reason is clearly documented. No award of any formal sealed bid results, including rejection of all bids, may be made without prior approval of the finance director.
 - h. Items in excess of \$25,000 leased, purchased, or contracted through this process must be submitted to the General Government Committee for their review.
 - i. All purchases of over \$150,000 must have a written, independent analysis of costs or price pursuant to federal requirements and include a bid guarantee equivalent to 5% of the bid price from each bidder (such as bid bond or certified check), a performance bond on the part of the contractor for 100 percent of the contract price, and a payment bond on the part of the contractor for 100 percent of the contract price.
- 4.09. Sole source purchases. It is the expectation of the Polk County Board of Supervisors that all purchases will be made under full and open competition except as provided in this section. Justification for other than full and open competition may be:
- a. Only one responsible source: The supplies or services required by the department or agency are available from only one responsible source and no other type of supplies or services will satisfy agency requirements. In the determination of only one responsible source, documentation must cite specific reasons for such exemption, such as compatibility with existing equipment, professional services that involve specific knowledge or familiarity with County activities not otherwise available, or that only one supplier exists to provide particular goods or services.
 - b. Funding specification: The source of the funding, e.g. granting agency specifies a single source for goods or services. Documentation requesting sole source purchases must include a copy of those provisions specifying this source.
 - c. Unusual and compelling urgency: The department or agency's need for the supplies or services is of such an unusual and compelling urgency that the County would be seriously injured unless the agency is permitted to limit the number of sources from which it solicits bids or proposals. Solicitation from as many potential sources as is practicable under the circumstances is required. This urgency may also extend to delays in procurement through other vendors that would be unacceptable to the County. This authority will not be approved if it is determined that the urgency is due to a lack of advance planning by the department or agency.

Documentation for an emergency purchase must also include an explanation of the emergency, the financial or operational damage or risk of damage that will or may occur if needs are not satisfied immediately, why the needs were not or could not be anticipated so that goods or services could not have been purchased following standard procedures. In all justifications made under this section, the requesting purchasing agent must list the reason and process used for selecting the vendor and documentation supporting the cost in the absence of directly comparable market data.

- d. Inadequate competition: After full solicitation of offers as required by this section, insufficient proposals are received from responsive bidders to allow for full competition. Documentation must include a listing of potential vendors contacted and reason for their lack of participation, if known.
- 4.10. Invoices. An invoice must be itemized and the original provided the department of administration before any payment may be authorized. An invoice must contain:
- a. Purchase order number, if used;
 - b. Itemized list of merchandise shipped;
 - c. Prices, terms, date, quantities and all other pertinent information about the purchase; and
 - d. All charges for delivery, freight listed separately from the merchandise.
- Payment requests sent to the Department of Administration must be accompanied by the original invoice, including any supporting documentation. No payment may be made on pro forma Invoices. All invoices must be made out to Polk County with the goods and services shipped to Polk County.
- 4.11. Change order. A written change order may be issued only by the department head with the approval of the finance director. Changes made by others in the purchasing process once an initial purchase order has been approved are considered invalid and their issuance subject to disciplinary action.
- 4.12. Prepayments. No goods or services may be purchased using prepayments, or payment before receipt, without the written authorization of the finance director or his/her designee.

Section 5: Other purchasing processes

- 5.01. State contract. If so determined by the department head, the purchasing agent may use existing contracts bid by the State of Wisconsin and bypass the competitive bidding process outlined in this policy for purchases of less than \$15,000. Purchases greater than \$15,000 require prior approval by the finance director. For purposes of this policy, any purchase made from the State of Wisconsin cooperative purchase contract constitutes compliance with any competitive bidding requirements. Further, the state contract amount may be used as price comparisons for the purpose of the competitive bidding requirements for identical items.
- 5.02. Cooperative purchasing. Departments may participate with a network of other governmental agencies for cooperative purchasing up to \$15,000 which will meet the competitive bidding requirements.
- 5.03. Standard contracts. Notwithstanding other provisions of this policy, if the finance director has standardized the purchasing of a good or service and has issued standard purchase orders or contracts for these goods or services, such goods or services must be purchased from these vendors.
- 5.04. Petty cash. The finance director must approve any petty cash fund. Any cash fund must be reconciled on a monthly basis, and no cash fund may have a balance greater than \$300 without formal approval of the General Government Committee. Purchases through the use of petty cash must comply with all other requirements of this policy.
- 5.05. Internet purchasing. Purchasing agents may purchase via the Internet only with procurement cards and only if it can be determined that identical items at the same price cannot be purchased elsewhere. Purchases via the Internet must comply with all other requirements of this policy.
- 5.06. Auctions. Purchasing agents may purchase goods at auction only if the vendor offers protection against purchasing defective or erroneously described merchandise, or prior inspection of merchandise, and that the vendor allows for refunds, if necessary, after a

physical inspection of the goods received. Any such purchase must have prior approval by the finance director, and is subject to the sole source documentation requirement as well as all other required documentation. In addition, the request for approval must be accompanied by an explanation of why it is in the County's best interest to purchase the item through an auction.

- 5.07. Purchases from County employees and officials. Provided all other provisions of this policy requirement are met, any single public official or County employee may enter into contracts with Polk County in which they have a private interest in and that it does not exceed an aggregated amount of \$15,000 per year. (see Wisconsin statutes s. 946.13) In addition, all such purchases must be made with full disclosure meaning discussion at a meeting of the General Government Committee prior to the purchase.
- 5.08. Procurement cards. Procurement cards must be issued by the Department of Administration to purchasing agents after the agent has been trained in purchasing policy. Each card must have a dollar limit set by the finance director; no purchase in excess of this limit may be made without the authorization of the finance director. Other than as specified, use of a procurement card does not negate any other requirements of this policy.
- 5.09. Lease agreements. All equipment lease agreements must follow purchasing policy unless approved by the finance director and leases over \$25,000 annually must be reviewed by the General Government Committee.
- 5.10. Sales tax exemption. As Polk County is exempt from Wisconsin state sales tax, employees must provide sales tax exemption information to any hotels, car rental company and similar when travelling on County business.
- 5.11. Small, minority-owned and women-owned businesses. As required by federal law or rule, a purchasing agent seeking to expend federal funds must demonstrate that affirmative steps were taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps include prior identification of qualifying firms and their active solicitation.

Section 6: Miscellaneous provisions

- 6.01. Disposal of excess supplies or obsolete equipment. Except as provided in section 6.02, supplies or equipment no longer serving a useful purpose must be reported to the Director of Buildings. For items of other than negligible value, the Director of Buildings must dispose of the supplies or equipment by transferring the material to a department which may need similar supplies or equipment, by competitive sealed bidding, by public auction, or in such a manner considered to be in the best interest of the County. The sale of any equipment containing private data or information must be authorized by the information technology director. County owned supplies or equipment must not be sold to County employees except by public auction or through public, competitive bidding.
- 6.02. Law enforcement service items. On retirement of a Sheriff's deputy, the Sheriff may authorize that deputy to purchase his or her County-owned service equipment including a gun or guns he or she has directly used and, in the case of a K-9 officer, his or her service dog. The sale price must be determined using an independent appraisal, and the funds so received revert to the Sheriff's budget.
- 6.03. Certificate of insurance. A certificate of insurance covering liability insurance, workers' compensation and motor vehicle insurance is required by the County for contracts with a vendor for materials, equipment, construction, remodeling, supplies or services unless waived by the finance director. The contractor must add "County of Polk, its officers, employees, and agents" as an additional insured under the commercial general, automobile and contractor's pollution liability and workers' compensation policies. Certificates are

required for all service vendors; the finance director may require periodic review of those certificates and must sample sufficient service contracts to determine compliance level, reporting annually to the General Government Committee.

- 6.04. W-9 Form. Vendors doing business with the County must provide a signed form W-9 to the Department of Administration before payment will be authorized.
- 6.05. Law enforcement meal purchases. Notwithstanding any policy to the contrary, the sheriff or his/her designee may authorize the purchase of meals for law enforcement employees or volunteers at an accident or crime scene, natural disaster, search and rescue operation or a cooperative event with another law enforcement department where the required time commitment spans a traditional meal time and it is impractical to provide an adequate meal break. The maximum amount per meal may not exceed the maximum amount stated in the relevant travel policy.

SUBCHAPTER 5.3: INVESTMENT

Section 1: General

- 1.01. Scope. This policy governs the investment and management of public funds under the jurisdiction of the County pursuant to and as permitted by Wisconsin statutes, Federal law and state and federal regulations as in effect at any given time.
- 1.02. Definitions. For purposes of this policy, the following terms have the meanings given.
 - a. *Prudent person rule* means that defined in Wisconsin statutes section 881.01 or its successor as in effect at any given time.
 - b. *Investment instrument* means a security or other obligation, a deposit, bond, certificate, note, or similar investment.
 - c. *Liquidity* means the degree to which an investment instrument may be converted to cash without affecting its value and the time required to do so.
 - d. *Yield* means the earnings on any investment as determined over its lifetime expressed on an annual basis.
 - e. *Risk* means the probability that an investment will not be repaid in full, both in terms of principal and investment income.
 - f. *Investment committee* means the County Board chair, county treasurer, county administrator and finance director.
 - g. *General Government Committee* means the General Government Committee as appointed by the Polk County Board of Supervisors.
- 1.03. Responsibilities. The following agents have the responsibilities given in the administration of this policy:
 - a. *Investment committee.* Pursuant to Wisconsin statutes section 59.62 or its successor as in effect at any given time, the investment committee is responsible for the management of investment programs and cash management programs within the scope of state and federal law and regulations and may delegate responsibility for these activities at their discretion, including contracting with an external investment advisor or advisors. The investment committee must establish written procedures for operation of the County's financial management programs consistent with this policy.
 - b. *Finance director.* The finance director must annually prepare a cash-flow analysis for the County for the current and following six years, demonstrating the County's likely assets, payment liabilities, and cash needs for purposes of estimating investment terms and liquidity needs. This analysis must be completed prior to January 1 of each year. It must also be reviewed prior to the purchase of any investment instrument

and, as needed, the finance director must make adjustments to this forecast. This forecast must be distributed to the investment committee and General Government Committee. The finance director is also responsible for the preparation of all materials for consideration by the investment committee.

- c. *General Government Committee.* The General Government Committee must annually review the County's investment portfolio and make recommendations on any changes in investments to the investment committee and on any change in policy to the County Board. The General Government Committee is also responsible for establishing basic standards of risk to direct the investment committee. The General Government Committee is also responsible for the determination of the County's depository on recommendation by the investment committee.
- d. *County treasurer.* Pursuant to Wisconsin statutes sections 59.62(1)(2) and 59.25(3)(s) or their successors as in effect at any given time, the authority to invest and reinvest County funds and to purchase investment instruments, provide for the safekeeping of such instruments, and to sell or exchange such instruments is delegated to the county treasurer. The county treasurer must review all monthly statements and make any recommendations from this review to the investment committee.

Section 2: Investment Procedure

- 2.01. Eligible funds for investment. The investment committee or designee may purchase securities that are permissible investments from available funds that are not required for the immediate needs of the County, and may sell or exchange for other eligible securities and reinvest the proceeds of the securities so sold or exchanged. The investment activity of the County must conform to the rules and laws regulating Wisconsin public funds as in effect at any given time.
- 2.02. Investment criteria. Provided that legal standards and liquidity needs are met, the primary criteria for investment must be risk and yield. The General Government Committee must annually, or more frequently as needed, assess the risk associated with investment options and direct the investment committee as to the general permissible level of risk in County investments.
- 2.03. Diversification. Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. Government issues and issues of U.S. Government agencies fully guaranteed as to both principal and interest by the U.S. Government the State of Wisconsin Local Government Investment Pool.
- 2.04. Benchmarking. To determine whether the County's investment objectives are being met, any investment should be compared to the current U.S. Treasury bill rate for the same period as the investment including respective transaction costs.
- 2.05. Qualified investments. Pursuant to Wisconsin statutes as in effect at the time of any investment, the finance director must annually prepare a listing of investments by type as permitted by law along with an assessment of likely risk and yields. The investment committee must review this listing and make a recommendation to the General Government Committee as to those types of investments believed to minimize risk while maximizing yield. From this information, the General Government Committee must annually determine those types of qualified investments that may be made by the investment committee.
- 2.06. Investment process. The following process must be followed in making any investment of public funds on behalf of Polk County when funds become available for such investment:
 - a. The investment committee must first determine the legality of any investment option following those sections of Wisconsin statutes effective at that time.

- b. If an investment option is determined to be in compliance with these statutes, the committee must next determine that the liquidity of that investment option will allow the County to meet all its financial obligations based on the most recent cash flow analysis.
 - c. If an investment option meets the liquidity standard, the option must next be evaluated as to its risk and yield, following the prudent person rule. Risk must be evaluated in comparison to U.S. government obligations, Federally-insured deposits or similar funds, and the State of Wisconsin Local Government Investment Pool and as established by the General Government Committee. Yield is to be evaluated in accordance with the yield benchmark established in this policy.
 - d. If an investment option meets standards of risk as set by the General Government Committee, that investment which provides the greatest yield must be selected. If two investments provide the same yield, that investment which is determined to have the lowest risk as determined by the investment committee must be selected provided it meets the standards of risk as set by the General Government Committee.
 - e. Each of the steps in this process must be adequately documented and records retained as required by state or federal law, rule or regulation.
- 2.07. Purchase of investment instruments. Pursuant to Wisconsin Statutes sections 59.62(1)(2) and 59.25(3)(s), the authority to invest and reinvest County funds and to purchase investment instruments, provide for the safekeeping of such instruments, and to sell or exchange such instruments is delegated to the county treasurer.
- 2.08. Official depository. The primary provider of banking services is the County's official depository and working bank determined by the General Government Committee using the criteria of safety, cost, level of services provided, and accessibility. The depository must be located within Polk County. In addition, the committee may place funds in other public depositories defined in Wisconsin Statutes. All accounts must include the county treasurer as a signatory. In accordance with Wisconsin statutes 34.01(5) and 34.09 all Wisconsin banks, state or federal chartered, as well as the Wisconsin local government pooled investment fund, are authorized depositories. The investment committee must set minimum and maximum deposit amounts for each institution.

Section 3: Reporting and review

- 3.01. Reporting. The following agencies have the reporting requirements listed under this policy:
- a. *Investment Advisors and Custodians.* All investment advisers and custodians retained by the County will provide detailed monthly statements to the investment committee. These reports must at a minimum contain a description of each security including units held, cost, market value and current yield as well as a detailed list, by date, of all transactions executed during the period.
 - b. *Depository institution.* The depository institution or institutions must provide the investment committee and county treasurer with detailed monthly statements and all other information as required by the County's contract with that institution.
 - c. *Investment committee.* The committee must report on investments to the General Government Committee at least quarterly and at least annually to the County Board and additionally as required by the County Board.
- 3.02. Review. This investment policy must be reviewed annually by the investment committee, who must make recommendations to the General Government Committee as to any necessary changes, and by the General Government Committee, who must make recommendations for its amendment to the County Board.

Section 4: Other provisions

- 4.01. *Conflict of interest.* Any County employee or elected official that has a responsibility under this policy must not conduct any personal business activity that would conflict with his or her responsibilities under this policy or that would create an appearance of lack of impartiality in any investment decision.
- 4.02. *Transition rules.* Any investment held at the time of this policy's adoption that does not meet the guidelines of this policy shall be exempted from the requirements of this policy until such time that the investment may be cancelled without incurring a significant penalty.
- 4.03. *Disciplinary action.* Any person who violates this policy may be subject to disciplinary action as well as subject to penalties under federal or state law, rule or regulation.
- 4.04. *Severability.* If any portion of this policy is found to be in violation of state or Federal law, contractual obligations or grant agreements that portion is to be considered null and void.

SUBCHAPTER 5.4: DEBT MANAGEMENT

Section 1: General

- 1.01. Contents and scope This policy governs the issuance and management of debt by Polk County or its agencies, subject to other relevant policies adopted by the Polk County Board of Supervisors including, but not limited to, policies on fund balance, procurement, investment, and budget preparation and execution. This policy is also subordinate to any relevant state or federal law or regulation.
- 1.02. Definitions. For purposes of this policy, the following terms have the meanings given:
 - a. *County* means Polk County, Wisconsin;
 - b. *Debt* means a sum of money due a third party at an express future date through legal agreement or contract entered into by Polk County or its constituent agencies;
 - c. *Direct debt* means debt payable from general revenues, including capital leases;
 - d. *Revenue debt* means debt payable from a specific pledged revenue source;
 - e. *Advance refunding* means issuing debt obligations in advance of a call date for an obligation to obtain a interest rate savings;
 - f. *Conduit debt* means debt payable by third parties for which Polk County does not provide credit or security;
 - g. *County board* means the Polk County Board of Supervisors;
 - h. *Transcript* means a closing binder and/or electronic copy of the relevant and customary transaction documents including a certification of the initial offering prices of the obligations with such supporting data, if any, required by bond counsel and a computation of the yield on such issue from the Issuer's financial advisor or bond counsel or an outside arbitrage rebate specialist; documentation evidencing expenditure of proceeds of the issue; documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation. If an issue is subject to SEC Rule 15c2-12, the transcript must include the agreement for ongoing disclosure.
 - i. *GFOA* means the Government Finance Officers Association of the United States and Canada; *and*
 - j. *IRS* means the U.S. Department of Treasury, Internal Revenue Service.

Section 2: Long term planning of County indebtedness

- 2.01. Debt affordability study. A debt affordability study must be prepared and issued as follows:
- a. *Finance director.* The finance director must annually prepare a debt affordability report for the County Board on all existing County debt and, prior to recommending issuance or refinancing, be revised to incorporate any new proposed County debt. This report must include an assessment of the County's ability to generate and pay debt and include a recommendation as to the ongoing affordability of that debt and of any new potential issuance. This report must include measures of debt capacity and relative debt position compared, where possible, to other counties, rating agency standards and Polk County's historical ratios to determine debt affordability.
 - b. *General Government Committee.* The General Government Committee must annually review the debt affordability report prepared by the finance director and make a recommendation to the County Board prior to the approval of issuance of any new debt. The General Government Committee must also review the capital improvement plan annually as provided in the budget preparation and execution policy and make recommendations as to its modification to the County Board to maintain debt affordability.
- 2.02. Capital improvement plan. As provided in the budget preparation and execution policy, the county administrator must annually submit a five year capital improvement plan for all departments along with the annual budget incorporating that year's capital budget. The capital improvement plan must provide information as to specific items to be purchased, their priority in accord with the priority set by the County Board, alternatives should the purchase not occur or occur at a later date, financing options, and associated performance measures. In proposing the use of debt issuance for capital improvements to be incorporated in the annual capital budget, the administrator must demonstrate why other financing sources are unavailable or inappropriate.

Section 3: Debt issuance

- 3.01. Responsibilities. In issuance of new debt, the following agents have the responsibilities herein provided them in addition to any other responsibility assigned by state or federal law or regulation:
- a. *Finance director.* The finance director must oversee and coordinate the timing, issuance process and marketing of the County's borrowing and capital funding activities required in support of the capital improvement plan. In recommending such an issuance, the finance director must report on how this issuance results in stable debt service so as to allow for a consistently low average interest rate over the long term.
 - b. *Financing team.* The financing team is comprised of outside financial specialists who assist it in developing a debt issuance strategy, preparing bond documents and marketing bonds to investors. The members of this team include its financial advisor, bond counsel, underwriter and County representatives (the finance director, corporation counsel and treasurer, with the county administrator serving as an ex-officio member). Other outside firms, such as those providing paying agent/registrars, trustee, credit enhancement, verification, escrow, auditing, or printing services, may be retained as required. The financing team must review the overall financing strategy of the County and make recommendations to the county administrator and County Board prior to the issuance of any debt.

- c. *County administrator.* The county administrator is responsible for overseeing the work of the finance director in debt issuance and making a recommendation to the General Government Committee and County Board based on the recommendation of the financing team. The county administrator is also responsible for incorporating debt service costs in the annual budget and assuring that adequate funds will be available in future year budgets to pay debt service costs.
 - d. *General Government Committee.* The General Government Committee must review the report received from the financing team and recommendation by the county administrator prior to the issuance of any new debt. Based on this information, the General Government Committee must make a recommendation to the County Board as to the amount of issuance, repayment structure, purchase of insurance, and other relevant factors.
 - e. *County board.* The County Board has overall responsibility for the issuance of any debt pursuant to state and federal law and regulations.
- 3.02. Purposes. The county administrator may recommend the use of debt by type for the following purposes:
- a. *Direct debt.* The use of direct debt may be proposed only to finance capital improvements with a probable useful life of at least five years and which directly benefit County government operations;
 - b. *Revenue debt.* The use of revenue debt may be proposed only when the relationship between the revenue source and the debt incurred is clear and direct, when the capital improvement has a probable useful life of at least five years, when the improvement directly benefits County government operations, and when the use of this financing method can be demonstrated to have no negative impact on the County's credit rating or interest rate to be paid on any future obligations;
 - c. *Conduit debt.* The approval of conduit debt may be proposed only when the debt serves a public purpose of benefit to the citizens of Polk County, has no direct or indirect negative impact on the County's credit rating or interest rate to be paid on any future obligations, and where adequate assurances can be provided as to the borrower's creditworthiness;
 - d. *State revolving loan funds.* Loans from the State of Wisconsin may be proposed when financing terms are more favorable than other options, including costs of issuance, and all other considerations with respect to direct debt are met; and
 - e. *Interfund borrowing.* Interfund borrowing may be proposed in the annual budget recommendation for purposes of short-term cash flow needs or, in the case of enterprise funds, where there is reason to believe that any budgetary shortfall may be resolved in the next two years.
 - f. *Construction notes.* Construction notes may be proposed as part of a comprehensive financing plan that provides for their repayment from other borrowing sources.
- 3.03. Term of debt repayment. Borrowings by the County must mature over a term that does not exceed 75 percent of the economic life of the improvements they finance and usually no longer than 20 years, unless special structuring elements require a specific maximum term to maturity. The County must finance improvements with a probable useful life less than five years using sources other than borrowing. Bonds sold for the purchase of equipment with a probable useful life exceeding five years must be repaid over a term that does not exceed such useful life.
- 3.04. Legal compliance. The finance director must ensure that the County is in compliance with all applicable state and federal laws relating to debt issuance and management including, but not limited to laws restricting the amount of issuance, arbitrage rules, restrictions on use of bond proceeds, disclosure and filing requirements. The finance director must obtain

and store the transcript, confirm that bond counsel has filed the applicable information report (e.g., Form 8038, Form 8038-G, Form 8038-CP) for such issue with the IRS on a timely basis, and coordinate receipt and retention of relevant books and records with respect to the investment and expenditure of the proceeds of such obligations with other applicable staff members of the Issuer. In the case of conduit debt, the finance director must ensure that bond documents in such financings impose on the borrower (and trustee or other applicable party) responsibility to monitor compliance with qualified use rules and arbitrage and other federal tax requirements and to take necessary action if remediation of nonqualified bonds is required.

3.05. Debt features. Any new debt issued must comply with the following provisions:

- a. *Original issue discount or premium.* The County's bonds may be sold at a discount or premium, in order to achieve effective marketing, achieve interest cost savings or meet other financing objectives. The maximum permitted discount is stated in the Notice of Sale accompanying the County's preliminary official statement on the Bond Purchase Agreement, as applicable.
- b. *Debt service structure and level debt service.* The County must primarily finance its long-lived municipal improvements over a 20-year term or less, on a level debt service basis, to minimize the impact on the annual budget.
- c. *Call provisions.* In preparation for the issuance of new debt, the finance director must evaluate the cost of early calls and include such documentation in the report prepared for consideration by the General Government Committee and County Board, with an accompanying recommendation by the county administrator. Such options must take into account any premium for an early call, the overall ability of the County to refinance new and existing obligations should interest rates fall or for other reasons should it become advantageous for the County to restructure, defease, or pay off obligations.
- d. *Interest rates.* The County must first consider the use of fixed-rate debt to finance its capital needs, except for short-term needs (such as short-lived assets) that will be repaid or refinanced in the near term; and may consider variable rate debt under favorable conditions.

3.06. Method of sale. The county administrator must recommend a method of sale that is the most appropriate in light of financial, market, transaction-specific and County-related conditions, and explain the rationale for this recommendation to the General Government Committee and County Board.

- a. *Competitive sales.* The recommendation by the county administrator must be based on a competitive sale unless explicit reasons for not so doing are provided. The recommendation must incorporate terms of sale that encourage as many bidders as practical and that would assist in obtaining the lowest possible interest rates on its bonds.
- b. *Negotiated sales.* When certain conditions favorable for a competitive sale do not exist and when a negotiated sale will provide significant benefits to the County that would not be achieved through a competitive sale, the county administrator may recommend that the debt obligations be sold through a private placement or negotiated sale. Such determination must be made on an issue-by-issue basis, for a series of issues, or for part or all of a specific financing program. Such sales must also be accompanied by full disclosure of all financial aspects including clear demonstration of cost savings through using this method.

Section 4: Refinancing of outstanding debt.

- 4.01. Conditions. The county administrator may recommend refinancing of outstanding debt under the following circumstances:
- a. *Debt service savings.* The county administrator may recommend the refinancing of outstanding long-term debt when such refinancing allows the County to realize debt service savings of at least two percent of the remaining obligation without lengthening the term of refinanced debt and without increasing debt service in any subsequent fiscal year. The county administrator may also recommend debt refinancing when a primary objective would be the elimination of restrictive covenants that limit County operations.
 - b. *Defeasance.* The County may refinance outstanding debt, either by advance refunding to the first call or by defeasance to maturity, when the public policy benefits of replacing such debt outweigh the costs associated with new issuance as well as any increase in annual debt service.
- 4.02. Advance refunding. The county administrator may propose advance refunding of any obligation when overall savings, including the cost of issuance and other costs, results in debt service savings of at least three percent of the remaining obligation, the length of the term of refinanced debt does not exceed the overall term, and any extension of call date does not interfere with the ability to manage County debt service.
- 4.03. Legal compliance. The finance director must identify and consult with bond counsel regarding any post-issuance change to any terms of an issue of Obligations which could potentially be treated as a reissuance for federal tax purposes.

Section 5. Management practices

- 5.01. Credit rating agency relationships. The finance director is responsible for maintaining relationships with the rating agencies that assign ratings to the County's various debt obligations. This effort includes providing periodic updates on the County's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance. The finance manager must request ratings prior to the sale of securities from at least one of the major rating agencies for municipal bond public issues. Currently these agencies are Moody's Investors Service and Standard & Poor's Corporation. The finance director or county administrator must provide a written and/or oral presentation to the rating agency(ies) to assist in their evaluations. The finance director must make every reasonable effort to maintain or improve the County's general obligation bond credit ratings and demonstrate such in his/her report to the county administrator for incorporation into the report to the General Government Committee and County Board.
- 5.02. Formal fiscal policies. The county administrator must annually review the County's formal fiscal policies including the Investment Policy, General Fund Reserve Policy, Budget Policy, Purchasing Policy, and this Debt Management Policy.
- 5.03. Post issuance compliance. The finance director is responsible for compliance with all Internal Revenue Service requirements including maintaining a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code and/or contracting for such service and coordinating procedures for record retention and review of such records in compliance with applicable IRS requirements including those in Revenue Procedure 97-22. This effort includes tracking investment earnings on debt proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the County's outstanding debt issues. In the case where debt has financed facilities with private uses and private payments, the finance director

must maintain records to ensure such uses and payments do not adversely affect the tax status of the debt and, if so, what remedial action is appropriate. If the County issues “qualified tax-exempt obligations” in any year, the finance director must monitor all tax-exempt financings, including lease purchase arrangements and other similar financing arrangements and conduit financings on behalf of 501(c)(3) organizations, to assure that the \$10,000,000 “small issuer” limit is not exceeded. The finance director is also responsible for the calculation of the amount of any federal subsidy payments and the timely preparation and submission of the applicable tax form and application for federal subsidy payments for tax-advantaged obligations such as Build America Bonds, New Clean Renewable Energy Bonds and Qualified School Construction Bonds. The Finance director must be familiar with of options for voluntary corrections for failure to comply with post-issuance compliance requirements (such as remedial actions under Section 1.141-12 of the Regulations and the Treasury’s Tax Exempt Bonds Voluntary Closing Agreement Program) and take such corrective action when necessary and appropriate, reviewing post-issuance compliance procedures and systems on a periodic basis, but not less than annually. Additionally, the finance director must monitor general financial reporting and certification requirements embodied in bond covenants to ensure compliance with all covenants.

- 5.04. Records retention. The finance director must maintain the transcript, documentation evidencing use of financed property by public and private entities, documentation evidencing all sources of payment or security for the issue, and documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations), coordinating the retention of all records in a manner that ensures their complete access to the IRS. Material records must be retained as long as the issue is outstanding, including any refunding, plus seven years.
- 5.05. Reporting practices. The county administrator must ensure that the County is in compliance with the standards of the Government Finance Officers Association for financial reporting and budget presentation and the disclosure requirements of the Securities and Exchange Commission, which may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of listed “material events.”

SUBCHAPTER 5.5: FUND BALANCE

- 1.01. Scope. This chapter governs the determination and reporting of the general fund unassigned fund balance.
- 1.02. Responsibilities. For purposes of this chapter, the following agents have the responsibilities assigned:
 - a. The finance director is responsible for estimating and reporting on the General Fund unassigned fund balance.
 - b. The county administrator is responsible for recommending a budget with an unassigned fund balance in compliance with County Board policy and advising the County Board of any action that would reduce or increase that fund balance.
 - c. The General Government Committee is responsible for annually reviewing the level of unassigned fund balance and for recommending to the County Board the appropriate level of that fund balance.

- 1.03. Amount. Unless otherwise specified by action of the County Board, Polk County will maintain an unassigned fund balance of not less than 20 percent of General Fund expenditures, as measured on December 31st of each year. If, following the annual audit, that fund balance should be found to be below 20 percent of General Fund expenditures, the county administrator must submit a plan to increase that fund balance to a minimum of 20 percent with the annual budget submission.
- 1.04. Use of fund balance. The county administrator must recommend maintenance of appropriate levels of fund balance by:
 - a. Allowing for the planned use of fund balance for defined purposes, including property tax relief and funding for major capital projects or time-limited projects;
 - b. Designating fund balance for future expenditures, carryover, cash flow and incurred but not recognized items, budget stabilization, long-term personnel obligations, and the effects of fluctuations in state aid.
- 1.05. Monitoring and reporting. The finance manager must report on the unassigned General Fund balance to the County Board within one month of the completion of the annual audit.

SUBCHAPTER 5.6. MANAGEMENT OF COUNTY-OWNED (NON-TAX FORFEITURE) REAL ESTATE.

- 1.01. Scope. This chapter governs the management of real property other than forest land subject to Wisconsin Statutes Sec. 28.11 that is owned by or under the control of the Polk County Board of Supervisors.
- 1.02. Definitions. For the purposes of this chapter, the following terms have the meanings given:
 - a. *Auction sale* means the public sale of a property through a recognized auction service both online and in person.
 - b. *Improvements* mean buildings, driveways or roads, landscaping or grading, and similar permanent additions intended to increase the value of land.
 - c. *Market value* means the price a willing and knowledgeable buyer would pay a willing and knowledgeable seller for the ownership and control of a property allowing sufficient time for the sale.
 - d. *Market rent* means the rent currently paid in an area on properties similar to the subject property with comparable lease provisions.
 - e. *Mothballed cost* means the cost of maintaining a facility at a level sufficient to prevent deterioration excluding utilities.
 - f. *Operating cost* means the cost of maintaining a facility in its intended use to provide regular County services.
- 1.03. Responsibilities. For purposes of this chapter, the following responsibilities are assigned.
 - a. *Buildings director.* The buildings director is responsible for the management of all County-owned property other than property under the management of the Highway Department.
 - b. *Highway commissioner.* The highway commissioner is responsible for the management of County-owned property as assigned to the highway departments including facilities and rights of way but excluding buildings.
 - c. *County treasurer.* Pursuant to Wisconsin Statutes, the county treasurer is responsible for issuing tax title and identification of all property for which a tax title has been issued.

- d. *County administrator.* The county administrator is responsible for the identification of all property owned by the County, preparation of the property inventory, and recommendations for the acquisition, use, and disposal of County-owned real estate.
 - e. *Conservation, development, recreation and education committee.* The conservation, development, recreation and education committee or its successor is responsible for reviewing reports on property ownership, making recommendations to the County Board on purchase or leasing property, and regularly reviewing and making recommendations on any amendments to this chapter.
 - f. *General Government Committee.* The General Government Committee or its successor is responsible for reviewing any acquisition, lease, or disposition of County property other than that acquired through tax forfeiture.
- 1.04. Report on County property. The county administrator must, by August 1 of every year, prepare an inventory of all real property owned or under the direct control of Polk County for submission to the County Board. This inventory must include location, area, a listing of improvements including condition, and an estimate of value. This report must also include a recommendation on the proposed use or disposition of this property, assessing the current and possible future need for this property for the provision of County services according to the following categories:
- a. *Essential.* Property necessary for the current provision of services by Polk County, including timber management and parks.
 - b. *Reserved.* Property determined to have a future use by Polk County, but no current use for this property is forecast for at least the following two years.
 - c. *Surplus.* Property determined to not have any likely future use by Polk County.
- 1.05. Disposition of surplus property. The county administrator must make a recommendation for the disposition of all property determined to be surplus, including method of disposition and timetable for that disposition.
- a. *Appraised value.* For non-tax forfeiture properties to be sold at public auction, the county administrator must estimate the appraised value based on the assessed value and sales of comparable property. He or she may also contract with an independent appraiser for that purpose. All property with an estimated value of \$25,000 or more that is to be transferred through a private sale must be independently appraised by a certified property appraiser. The minimum bid for property to be sold at public auction is the lowest likely market value as determined by the Buildings Director.
 - b. *Occupied property.* If a property determined to be surplus is occupied by an outside agency, that agency must be provided at least 12 months notice prior to any public sale and be offered the opportunity to purchase this property at its appraised value as determined by the County Board prior to any listing for public sale.
- 1.06. Lease of property. Property categorized as future use may be leased to outside agencies. The county administrator or his/her designee must negotiate the terms of a lease according to the following criteria.
- a. *Amount of lease payment.* For other than nonprofit agencies unless otherwise authorized by the County Board, the rental amount for leased property must not be less than the market rental value in the area. For nonprofit agencies, the rental amount must not be less than the difference between the mothballed costs and the cost to the County if occupied.
 - b. *Term of lease.* All lease agreements must be for a period of one calendar year, subject to automatic renewal, unless otherwise authorized by the County Board.

- 1.07. Reversion of leased property. The county administrator or his/her designee must review the County's potential use of leased property on an annual basis to determine whether it is in the best interest of the County for leased property to revert to County use. Should he or she make that determination, she or he must prepare a resolution for consideration by the County Board. This resolution must provide for the orderly reversion of such property, with a minimum notice of 12 months.
- 1.08. Acquisition of property. If the county administrator determines that it is in the interests of the County to acquire property through purchase, donation, or other means, he or she must prepare a resolution to that effect for consideration by the County Board. That resolution must be referred to the relevant governing committee or committees and, where possible, initially presented at a regular County Board meeting or special County Board meeting prior to its final consideration at a subsequent regular County Board meeting. This resolution and accompanying materials must contain the rationale for that recommendation, the effect on County finances, the effect on the tax base of the County and of all affected political subdivisions, the net change in the share of public land in the County, and any proposed compensating sales or disposition of other public land.

SUBCHAPTER 5.7: MISCELLANEOUS FINANCIAL POLICIES

Section 1: Accounts Receivable

- 2.01. Contents and scope. This section governs the assessment and collection of all accounts to be collected by and for Polk County and its agencies other than those subject to laws of the State of Wisconsin concerning assessment and collection.
- 2.02. Definitions. The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section:
 - a. *Account receivable* means amounts owing on open accounts from private persons, firms, corporations and, in some cases, other units or quasi-units of government for goods and services furnished by the County, but not including amounts due from other funds of the County, delinquent property taxes or fees, fines and penalties assigned by the district court for which the County is not responsible for collection. An account receivable also includes a debt to the County from an overpayment to an employee or other entity.
 - b. *Audit functions*, in the context of this section, means duty to keep the accounts of the County, direct the manner of keeping books and supervising the process of keeping the accounts and books of the County, including the development, implementation and supervision of policies, practices and processes pertaining to the management of accounts receivable.
 - c. *Billing agent* means that County employee assigned the responsibility of preparing and issuing an invoice or other request for payment to the County.
 - d. *Collectible* means that status given any accounts receivable determined to be capable of being collected.
 - e. *Collection* means the act or process of receiving or enforcing payment due.
 - f. *County* means Polk County, Wisconsin.
 - g. *County board* means the Polk County Board of Supervisors.
 - h. *Interest* means the rate of any money charged by the County on past due accounts receivable and is expressed as a percentage per unit time.

- i. *Past due account* means any account payable to the County that remains unpaid 30 days after invoicing.
- j. *Power to collect* means the authority to use the manner provided by law to obtain judgment and implies and includes the right and ordinarily the duty to employ all the usual, ordinary and necessary means to accomplish collection.
- k. *Uncollectible account* means an account receivable that has been determined to be of such a state that payment may not be expected.

2.03. Authority and Responsibility. The following agents have the authority with respect to collection of accounts.

- a. *Department head.* A department head is responsible for the billing process for all amounts owed the County with respect to that department and the collection of all accounts receivable as well as the designation and supervision of all billing agents within that department.
- b. *Finance director.* The finance director is responsible for monitoring the overall collection of accounts receivable and has the authority to undertake collections procedures including referral to the corporation counsel for legal action, to a third party for collections, developing an installment payment plan and initiating or overseeing the initiation of tax intercept. The finance director may also prescribe the minimum information required prior to authorizing any form of payment other than that paid on receipt of a good or service.
- c. *County administrator.* The county administrator is responsible administration of this section, including the statutory audit functions of the County consistent with Wisconsin Statute Section 59.47 and must, pursuant to Section 59.51(1), determine the agent that is responsible for performing such functions. Notwithstanding any other policy to the contrary, the county administrator may implement rules to implement this section subject to state law.
- d. *General Government Committee.* The General Government Committee must review collections history and performance on at least an annual basis and make recommendations to the County Board for any change to this policy and to the county administrator for any change in collections management.

2.04. Collection procedure. The following procedure governs the process of payment of accounts receivable to the County.

- a. *When due.* All payments to the County are due on receipt of any good or service unless a billing through invoice authorized in advance by the department head. This authorization may extend to classes of goods and/or classes of purchasers.
- b. *Timely billing.* A billing agent must prepare an invoice or other request for payment within five working days of determination that a receivable is due the County and maintain all associated records on management of accounts receivable.
- c. *Payment on invoice.* If the department head has authorized payment on receipt of an invoice, then notwithstanding any other policy to the contrary all amounts owed are due in full within 30 days of payment.
- d. *Insufficient funds.* The county administrator must recommend to the County Board a charge for returned checks due to insufficient funds or other similar reasons annually to be incorporated in the annual fee schedule and annual budget.
- e. *Disputed amounts.* A billing agent must refer any account that is disputed by the recipient to the finance director within five working days of notification of such a dispute. The finance director must review the account and make a determination as to whether the disputed amount is due the County, including referral to the corporation counsel as appropriate. If it is determined that the amount is incorrect,

the finance director may adjust the account accordingly following the uncollectable account procedure in this section.

- f. *Collection attempts.* A billing agent must request payment of delinquent accounts on a schedule and in a manner prescribed by the finance director.
- g. *Interest on past due accounts receivable.* Any past due account other than that of another government is subject to interest computed at the rate as provided in Wisconsin Statutes section 74.47 or its successors as in effect at the time the interest amount is assessed.
- h. *Notification of delinquent accounts.* A billing agent must notify their department head if any account is not collected within 60 days following the billing date. The department head must make a documented effort to locate the recipient and may deny further credit to that recipient. The department head must also notify the finance director of any such account and, subject to state law or contractual obligations, the finance director may hold any payment to that same recipient. Evidence of collection attempts must be included with this notice.
- i. *Collection of delinquent accounts.* A billing agent must notify their department head of any account that is not paid in full within 60 days of the billing date within two working days. The department head must notify the finance director of such accounts within two working days along with evidence of collection attempts. The finance director must determine the appropriate collection procedure and undertake collection efforts as he or she deems appropriate.
- j. *Uncollectable accounts.* After consultation with the appropriate department head and corporation counsel, the finance director may declare an account uncollectable if, in his or her opinion, collection is impossible or is not cost-effective. Consistent with Wisconsin Statute Section 59.52(12), accounts that have been determined uncollectible by the finance director must be written off. Uncollectible accounts in an amount that does not exceed \$5,000, may be written off upon determination and direction by the finance director; uncollectible accounts in an amount that exceeds \$5,000 may be written off upon approval of the majority of the County Board by resolution at either the regular meeting following receipt of the report on annual audit of the previous year's financial statement or the annual meeting, whichever is later.
- k. *Collection costs.* The finance director must assign all collection costs to the department and account for whom the collection is made.
- l. *Reporting.* The head of every department with accounts receivable must report quarterly to the finance director on these accounts on a form prescribed by the finance director. The finance director or his/her designee must report to the General Government Committee by March 15 of every year on all accounts that are 30, 60, and 90 days delinquent and all accounts that have been declared uncollectable for the current and prior calendar year.

Section 2: Cash handling

2.01. Scope. This section governs cash handling and collections for all County departments.

2.02. Definitions.

- a. *Cash* means as coin, currency, checks, money orders, credit cards, accounts receivable charges, electronic funds transfers, and all other cash equivalents including postage stamps.
- b. *Cash collection point* means a location where cash payments may be accepted.

- c. *Collector* means an individual assigned responsibility by the department head to accept payments on behalf of Polk County.
- 2.03. Responsibilities and authorities
- a. *Department head*. A department head is responsible for cash handling within his or her department including designation and oversight of all collectors.
 - b. *Finance director*. The finance director must authorize any cash collection point and is responsible for the administration of this section.
 - c. *County treasurer*. The county treasurer is responsible for the management of County funds pursuant to the laws of the State of Wisconsin.
- 2.04. Form of payment. A collector must accept payments for the amount of purchase only. Only checks payable to Polk County or its agents (e.g. Polk County District Attorney or Polk County Clerk) may be accepted and, on receipt, must be immediately endorsed as payable to Polk County for deposit only by the collector. No employee or other agent of the County may accept payment on behalf of the County unless he or she is designated as a collector.
- 2.05. Cash handling and deposit. A collector must record every payment on the day received with an official County receipt as prescribed by the finance director and balanced daily against these receipts. The finance director must be notified of any discrepancy. A collector must not also deposit or reconcile such payments without the prior approval of the finance director. A collector must reconcile all payments against the accounts receivable outstanding balances on a daily basis. Each department head whose department receives cash payments must designate a secure place for temporary cash storage and ensure payments are submitted to the county treasurer within two working days of their receipt. The county treasurer must deposit all cash receipts within one working day following receipt.
- 2.06. Unidentified cash receipts. All unidentified cash receipts must be deposited to a “cash receipt holding” account by the finance director. If the purpose of these funds cannot be identified, then the finance director must return this amount to the payer after 14 days.
- 2.07. Insufficient fund checks. On notification from a financial institution that a payment was not accepted due to insufficient funds, the county treasurer must instigate collection procedures. If funds are not collected within 30 days following this notification or other arrangements made for payment, law enforcement must be notified.
- 2.08. Bank reconciliations. All County accounts with a financial institution must be reconciled within five working days of receiving the accounts statement with a copy of any reports, statements and reconciliation submitted to the finance director.
- 2.09. Annual review. At its annual meeting, the County Board shall conduct a review of receipts and disbursements. When conducting such review, the County Board must receive from the county treasurer, pursuant to Section 59.25(3)(d), a written fully itemized statement and report, verified by the county treasurer’s oath, of all moneys of whatever nature received and disbursed by the county treasurer; exhibit the treasurer’s vouchers therefore to be audited and allowed, and settle with the board the treasurer’s accounts as treasurer; and exhibit to the board all moneys in the custody or control of the treasurer as treasurer, and, if required, make oath that such moneys are the funds of the codisbursed by the whatever nature received and disbursed by the county treasurer; exhibit the treasurer’s vouchers therefore to be audited and allowed.

Section 3: Capital assets

- 3.01. Scope. This policy governs the reporting of financial information on capital assets for purposes of financial statement preparation and control over assets through inventory.

- 3.02. **Definitions.** For the purpose of this section, the following definitions apply unless the content clearly indicates or requires a different meaning:
- a. *Capital asset* means and includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, and all other tangible assets that are in operations and have initial useful lives extending beyond a single year.
 - b. *Infrastructure asset* means long-lived capital assets that are stationary in nature and with a useful life of at least twenty-five years such as roads, bridges, and right-of-ways.
- 3.03. **Valuation.** Capital assets must be valued at their acquisition cost or historical cost which includes the purchase price or construction cost including the value of a trade in, if any, sales tax if any, the cost of modifications, attachments, accessories or any other item necessary to make an asset useable or render it into service. Value also includes the cost of freight, site preparation, architect and engineering fees, and similar but does not include the cost of repairs or maintenance that do not add to the value of the asset. If the original cost is not available or if an asset is donated, then the finance director must determine the estimated fair market value at the time of acquisition to determine the asset's value.
- 3.04. **Capitalization threshold and inventory.** All capital assets that have a value greater than \$5,000 are subject to capitalization and depreciation. All capital assets that have a value greater than \$500 are subject to inclusion in the inventory.
- 3.05. **Depreciation.** Depreciation must be calculated using a straight line method unless otherwise required by State of Wisconsin or federal law, rule, or other contractual provisions. Assets may be depreciated individually or in groups. The cost of assets similar in nature (tables, chairs, etc.) or assets dissimilar but related by mode of operation (water treatment) may be grouped together then depreciated as on group. Land and construction in process are not depreciated.
- 3.06. **Useful life.** Department heads are responsible for establishing and utilizing an appropriate useful life for their assets. The following table provides guidance in so doing:

Capital asset	Estimated Useful Life
Improvements to land	15-25 Years
Buildings and improvements	10-35 Years
Machinery and equipment	4-20 Years
Infrastructure assets	25-50 Years

- 3.07. **Disposal.** A department head may authorize the disposal of an asset subject to the requirements of Chapter 3, section 6.01 and Chapter 15, section 1.05.
- 3.08. **Reporting.** The Department of Administration must annually provide each department with a capital asset list and a statement of values to review. A department head must report any changes to this list in writing within one month of receipt.
- 3.09. **Inventory.** The finance director must maintain an inventory of all capital assets above the inventory threshold provided under this section and annually report on this inventory to the General Government Committee.