

The following policies are presented and adopted in response to the accounting and reporting requirements of the Governmental Accounting Standards Board (GASB) pronouncement 34 and later pronouncements. These policies provide the foundation for the collection and reporting of County financial information in accordance with these pronouncements.

"Fund Statements" refers to the individual fund year-end financial statements. These are essentially the same as previously published statements.

"Government Wide Statements" refers to the new Statement of Net Assets, Statement of Activities, and the reconciliation required under GASB 34 reporting standards.

Cottonwood County maintains the following governmental funds: General, Highway, Debt Service

Cottonwood County maintains the following enterprise fund: Landfill

Cottonwood County maintains the following fiduciary funds: Tax Collections

A. Budget Policy

Budget Adoption Process

The County budget is adopted annually by the County Board and provides the authorization for departmental expenditures.

Once the Budget has been Adopted by the County Board, any changes and adjustments are made to the annual Revised Budget, leaving the Adopted Budget in its original approved form.

Budgeted Funds

The County prepares a budget for the General Revenue Fund, Special Revenue Funds, and all Enterprise Funds. The County does not prepare a budget for Fiduciary Funds.

Budget Accounting Basis

The Budget for the General Fund, Special Revenue Funds, and other governmental funds is prepared and reported on the modified accrual basis. All budgets are prepared in conformity with generally accepted accounting principles.

Budget Level for Legal Control

Budget control is designated at the Department Level. The use of budget dollars across line items within a Department are at the discretion of the Department management, as long as federal, state, or other funding source use and reporting requirements are met.

B. Classification of Program Revenues Policy

Program revenues are revenues that apply directly to a program from revenue sources, not including tax collections. Program revenues include charges for services applicable to the program, specific grants and contribution to the program, and earnings of endowments or investments specifically restricted to that program. Those revenues not designated by rule, statute, or policy to a program are considered General Revenues to the County.

C. Functional Reporting Level Policy

For Government Wide reporting of Activities, the County will summarize its activities to the following Functional Levels: General Government, Public Safety, Highway Department, Sanitation, Culture & Recreation, Conservation, Economic Development.

D. County Policy to Determine the Current Portion of Compensated Absences

Purpose of Policy

This policy is presented and adopted in response to the accounting and reporting requirements of the Governmental Accounting Standards Board (GASB) pronouncement 34 and later pronouncements. These policies provide the foundation for the collection and reporting of County financial information in accordance with these pronouncements.

Policy

Sick Leave

Under the County's personnel policies and union contracts, County employees are granted Sick Leave in varying amounts depending upon their union contract and length of service. Vested sick leave is paid to employees upon termination or death. The Vesting Method will be used for calculating and reporting the full accrual liability for vested sick leave. An average of the previous five year retirement/termination payouts, as a percentage of employee compensated absences available at the beginning of each year, will be applied to the current year compensated absences to arrive at the balance reported as due within one year. The remaining percent is booked and reported as due within more than one year. Vested sick leave (and other compensated absences with similar characteristics) is accrued as a liability based on the above date of the financial statement.

Other Than Sick Leave

Vacation leave (and other compensated absences with similar characteristics) is accrued using the same method as sick leave.

E. Use of Restricted Assets Policy

Unrestricted resources will only be used to pay restricted liabilities after appropriate restricted resources have been depleted, or the County board takes specific action to appropriate those unrestricted resources.

F. Policy for Elimination of Internal Activity

Resources are often transferred from the Fund/Department/Program of receipt to a different Fund/Department/Program for disbursement. The internal activity of that transfer can result in the receipt and disbursement of that resource appearing more than one time in the resulting reports. Where internal activity has taken place, reports of the individual department will include all such internal activity; but when summary reports are prepared, up to and including the Government Wide reports, all material internal activity, except for transactions consider internal services provided and used, will be eliminated (or netted out) for the presentation.

Example: A grant is receipted into Social Services program A. and subsequently transferred to program B. to provide services. The resources are recorded:

1. Receipt to program A.
2. Disbursement from program A.
3. Receipt to program B.
4. Disbursement from program B.

(For Summary reporting, items 2 and 3 would be eliminated.)

(Examples of transactions that would be considered internal services provided and used, and thus not needing elimination are: Rent expense and revenue between a department and the county general government or other purchase of direct service between departments.)

(At times the County may charge departments for a share of "centralized" expenditures. When this occurs, the amount charged does not include an overhead charge, but contains only a fair value charge for the services received. Additionally, these charge-backs reduce the expenditures of one County function and increase the expenditures of the other, negating the need for further elimination in the financial statements.)

G. Policy for Applying GASB Pronouncements to Business-Type and Proprietary Funds

Business-type and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Financial statements on these funds are based on all applicable GASB pronouncements as well as applicable GASB pronouncements dated on or before November 30, 1989. GASB pronouncements after this date are not considered.

H. Policy for Direct and Indirect Expenses

All expenses (including depreciation) that support a specific function (activity/department) are directly charged and reported against that function (activity/department).

Any direct expenses experienced by the County are reported within the General Government function. No attempt is made to allocate these indirect expenses to the other functions of the County.

I. Policy for Identifying Special or Extraordinary Items

Items reported as Extraordinary Items are transactions that are both unusual in nature and infrequent in occurrence and are the result of events that may be beyond the control of County management.

Special items are either unusual in nature or infrequent in occurrence and are under the control of County management.

J. Revenue Recognition in Governmental Fund Statements

Governmental Fund Statements, including the General Fund, are presented using modified accrual accounting. In order for a receivable to be recognized as a revenue within these statements, it must be considered available. The county considers a revenue available if it is collectable within 60 days of the date of the financial statement.

Approved and Adopted by the County Board on April 15, 2004.