

CLAY COUNTY BOARD OF COMMISSIONERS

Tuesday, July 27, 2010

8:30 a.m.

County Board Room – 3rd Floor – Courthouse

M I N U T E S

The Clay County Board of Commissioners met in regular session on Tuesday, July 27, 2010 with all commissioners present: Campbell, Evert, Ingersoll, Waller and Weyland.

APPROVAL OF AGENDA

On motion by Evert, seconded by Weyland, and unanimously carried, the agenda was approved as presented.

AUTHORIZATION TO EXECUTE REENTRY SERVICES PROJECT GRANT AGREEMENT

By consent agenda, the Board authorized execution of the Reentry Services Project grant agreement for the period ending 12/31/11, which will provide grant funds not to exceed \$277,178.

AUTHORIZATION TO EXECUTE ANNUAL PLAN AGREEMENT FOR PATIENT
TRANSPORTATION TO COMMUNITY BEHAVIORAL HEALTH HOSPITAL

By consent agenda, Sheriff Bill Bergquist was authorized to execute an Annual Plan Agreement with the Minnesota Department of Human Services for the transportation of patients to the Community Behavioral Health Hospital in Fergus Falls.

AUTHORIZATION TO EXECUTE ALCOHOL COMPLIANCE CHECK GRANT AGREEMENT
WITH THE MINNESOTA INSTITUTE OF PUBLIC HEALTH

By consent agenda, Sheriff Bill Bergquist was authorized to execute the Minnesota Institute of Public Health's Alcohol Compliance Check grant agreement, which will provide grant funds for alcohol compliance checks for the period 8/1/10-5/31/11.

APPROVAL OF REVISED DRAFT PROGRAMMATIC AGREEMENT FOR FARGO-MOORHEAD
METROPOLITAN FLOOD RISK MANAGEMENT FEASIBILITY STUDY

By consent agenda, the Board approved a revised draft and authorized execution of the Corps of Engineers' Programmatic Agreement for the Fargo-Moorhead Metropolitan Flood Risk Management Feasibility Study.

RESCIND RESOLUTION 2010-31 AND APPROVAL OF MNDOT GRANT AGREEMENT;
ADOPT GRANT RESOLUTION 2010-36 AND APPROVE EXECUTION OF GRANT AGREEMENT
FOR COUNTY ROAD 91 BRIDGE REPLACEMENT, SAP 14-598-40, TO CORRECT DOLLAR
AMOUNT PROVIDED BY MNDOT

By consent agenda, the Board rescinded Resolution 2010-31 for the County Road 91 Bridge Replacement project, as well as the approval of the associated MnDOT Grant Agreement, due to the fact that MnDOT provided incorrect dollar figures in the documents (this action took place at the June 22, 2010 County Board meeting).

By consent agenda, the Board adopted the following resolution and approved execution of the grant agreement with MnDOT with respect to funding for the County Road 91 Bridge Replacement project, correcting the action taken June 22, 2010:

RESOLUTION 2010-36

WHEREAS, the County of Clay has applied to the Commissioner of Transportation for a grant from the Minnesota State Transportation Fund for the construction/reconstruction of County Bridge No. 1815 – Old Number/14551 – New Number over the Buffalo River, and

WHEREAS, the amount of the grant has been determined to be \$1,197,895.50 by reason of the lowest bid.

NOW, THEREFORE, BE IT RESOLVED, that the County of Clay does hereby affirm that any cost of the bridge in excess of the grant will be appropriated from funds available to the County of Clay, and that any monies appropriated for the bridge but not required, based on final estimate, shall be returned to the Minnesota State Transportation Fund.

APPROVAL OF MNDOT DETOUR AGREEMENT AND RESOLUTION FOR THE 2011 TRUNK HIGHWAY 34 CONSTRUCTION PROJECT

By consent agenda, the Board adopted the following resolution and authorized execution of a MnDOT Detour Agreement for the 2011 Trunk Highway 34 construction project:

RESOLUTION 2010-37

IT IS RESOLVED, that Clay County enter into MN/DOT Agreement No. 97295 with the State of Minnesota, Department of Transportation, for the following:

To provide for payment by the State to the County for the use of County State Aid Highway No. 6 as a detour route during the grade raising and bituminous surfacing and other associated construction to be performed upon, along and adjacent to Trunk Highway No. 34 from 0.5 mile east of Trunk Highway No. 32 to 0.9 mile west of Otter Tail County State Aid Highway No. 23 under State project No. 1404-18 (T.H. 34).

IT IS FURTHER RESOLVED, that the County Board Chair and the County Administrator are authorized to execute the Agreement and any amendments to the Agreement.

CITIZENS TO BE HEARD

There were no citizens present who wished to address the Board.

APPROVAL OF MINUTES OF JULY 6 AND 13, 2010

On motion by Weyland, seconded by Waller, and unanimously carried, the minutes of the County Board meetings held July 6 and 13, 2010 were approved as presented.

UPDATE REGARDING REINTEGRATION ADVANCED PLANNING PROJECT FOR JAIL INMATES

Mr. Matt Prendergast, AmeriCorps VISTA Volunteer, and Ms. Gina Nolte, Public Health, updated the Board concerning the success of the Reintegration Advanced Planning (RAP) Project for jail inmates. The program is designed to reduce recidivism by assisting inmates as they leave jail in the areas of employment, housing, chemical dependency, mental illness and transportation. RAP Team members include staff from: Jail administration, AmeriCorps Vista, Public Health, Social Services, Probation, Veterans Services, Lakes & Prairies Community Action Partnership, Concentrated Employment Program/Workforce Center, and Homeless Outreach.

Of the 25 total program participants this past year, 36% have not returned to jail, 44% have returned once to jail, and, 20% have returned to jail more than once. Ms. Nolte felt that the program will see continued and greater success in future years.

REQUEST TO FILL VACANT PUBLIC HEALTH NURSE POSITION

Public Health Administrator Kathy McKay requested approval to fill a vacant full time Public Health Nurse position. This nurse works with the school contracts and performs clinic duties.

On motion by Weyland, seconded by Ingersoll, and unanimously carried, the Board approved filling the full time Public Nurse position as described above on Line 18 of the salary grid.

UPDATE RE: PUBLIC HEALTH REGIONAL DISCUSSION

Public Health Administrator Kathy McKay informed the Board the preliminary discussions are taking place with other counties in our Region concerning the possibility of sharing staff and programming in the face of declining resources. Clay and Wilkin counties already have a joint health board. Adding Otter Tail county would require a decision by the Clay County Board of Commissioners as well as the Wilkin County Board of Commissioners. While Becker County is close in proximity, that county is not a part of the West Central Region for local public health. Ms. McKay indicated she would contact the Minnesota Department of Health concerning collaboration with a county outside of the West Central Region.

County Administrator Vijay Sethi commented that he and incoming County Administrator Brian Berg have discussed partnering/collaborating on several issues between Clay and Becker counties, and both are very interested in this possibility.

In response to a comment concerning the flu pandemic, Public Health Supervisor Kathy Anderson commented that MDH is recommending counties continue their prevention efforts (school based and community based clinics) as was done last year.

REQUEST APPROVAL TO PROCESS APPLICATION FOR STATE DEED FOR TAX-FORFEITED LAND (2403 RIVERSHORE DRIVE SOUTH, MOORHEAD)

Moorhead City Engineer Robert Zimmerman was present to request that the County approve the "Application for State Deed for Tax-Forfeited Land" for a parcel of property at 2403 Rivershore Drive South, Moorhead, (parcel #581000010). He requested the County recommend to the Commissioner of Revenue that this property be deeded to the City of Moorhead for a flood control levy (a 'public use' as defined under Statute 282.01). County Auditor-Treasurer Lori Johnson informed the Board that the subject property forfeited several years ago.

Dr. Zimmerman informed the Board that the City's next phase of the project would be acquisition north of the above mentioned lot in order to extend the levy to the north.

On motion by Weyland, seconded by Evert, and unanimously carried, the Board authorized the County Auditor-Treasurer to execute the Application for State Deed for Tax-Forfeited Land in order to convey the property at 2403 Rivershore Drive South, Moorhead, to the City of Moorhead for a flood control levy.

AMENDMENT TO PROCUREMENT POLICY

Chief Assistant County Attorney Michelle Winkis presented amendments to the Procurement Policy which are being proposed to make the policy consistent with the Uniform Municipal Contracting Act. County Administrator Vijay Sethi noted that department heads will no longer have to come to the County Board for approval of contracts for the procurement of goods and services under \$25,000 (previously \$10,000) (or the amount specified in M.S. 471.345 subd. 5, whichever is greater), as long as the item is included in their approved annual budget.

An amendment is also suggested which allows department heads to use 'best alternative value' contract awards in cases where it is relevant (M.S. 16C.02, subd. A). This allows for the consideration of things other than price, such as: quality and timeliness of vendor's or contractor's performance on previous projects, level of customer satisfaction of vendor's or contractor's performance on previous projects, and vendor/contractor's ability to minimize change orders, prepare appropriate project plans, technical capabilities, qualifications of key personnel, assess and minimize risks.

The revised Procurement Policy will be reviewed with the department heads at a future Management Committee meeting.

On motion by Evert, seconded by Waller, and unanimously carried, the Board approved the Procurement Policy amendments and requested inclusion of additional verbiage concerning the statutes, as included in Attachment "A".

FAMILY HEALTHCARE CENTER UPDATE

Ms. Patricia Patron and Ms. Suzanne Holland, Family HealthCare Center, updated the Board regarding the services provided by Family HealthCare, which include access to medical and dental services, lab, x-ray, and pharmacy for their clients. The clientele is generally of poverty level, uninsured, homeless, and under 18 years of age.

Ms. Patron informed the Board that due to Health Resources and Services Administration funding, Family HealthCare will move to a new location, 301 NP Avenue, increasing their space from 27,000 sq.ft. to 50,000 sq.ft. This move will help Family HealthCare improve health outcomes, lower health care costs, achieve better management of chronic conditions, reduce emergency room use, provide better access to prevention services, etc.

Commissioner Evert commented that Ms. Patron has provided excellent leadership for Family HealthCare. He added that Meritcare values the services provided by Family HealthCare.

REVIEW MODIFICATION TO 2011 BUDGET INFORMATION ORIGINALLY PRESENTED
ON JULY 20, 2010

The Board reviewed additional pages created for the 2011 Budget packet, which include the percentage change of budgeted revenues and expenditures, by fund, comparing 2010 to 2011.

AUGUST 24, 2010 COUNTY BOARD MEETING

On motion by Evert, seconded by Waller, and unanimously carried, the Board agreed to hold their regular meeting at 1:00 p.m. on August 24, instead of 4:00 p.m.

APPROVAL OF BILLS AND VOUCHERS

On motion by Waller, seconded by Weyland, and unanimously carried, the Board approved payment of the bills and vouchers.

COMMITTEE REPORTS/COUNTY ADMINISTRATOR UPDATE

Commissioner Ingersoll attended meetings of the Adult Mental Health Local Advisory Council and Western Area City County Cooperative.

Commissioner Waller attended meetings of the Greater F-M Economic Development Corporation, Solid Waste Advisory Committee, Lakes & Prairies Community Action Partnership, and Agassiz Trails.

Commissioner Evert reported on his attendance at the National Association of Counties conference last week. He also attended meetings of Clay Wilkin Community Health, Family HealthCare, Historical and Cultural Society of Clay County, Headwaters Council, Local Government Roundtable, and the Lakeland Mental Health Board of Directors.

Commissioner Weyland attended the Veterans Advisory Committee meeting and the Greater FM Economic Development Corporation meeting.

Commissioner Campbell attended the Clay County Fair and reported that the organizers were very pleased with the attendance this year.

County Administrator Vijay Sethi reminded the Board that incoming County Administrator Brian Berg's first day with Clay County will be August 2nd.

Mr. Sethi advised the Board that the National Association of Counties (NACo) is partnering with CGI, a communications and marketing firm, in offering a promotional program for member counties titled 'County Showcase', whereby a video/movie would be developed, at no cost to the county, promoting the county and community. Mr. Sethi will bring this proposal to the Management Committee and subsequently to the County Board at a later meeting.

ADJOURN

The meeting adjourned at 10:35 a.m.

Kevin L. Campbell, Chair
Clay County Board of Commissioners

Vijay K. Sethi, County Administrator

Clay County, Minnesota
Procurement and Contract
Administration Policy

Adopted by

Clay County Board of Commissioners
August 3, 2004

Amended July 27, 2010

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I. INTRODUCTION

The Clay County Board of Commissioners is delegated the authority to regulate procurement of goods and services and to adopt procurement policies under Minnesota Statute M.S. 375.75 through 375.76. Various departments in Clay County Government are involved in the procurement of numerous goods and services on a continual basis. The purpose of this Procurement and Contract Administration Policy is to:

- Assure the lowest price for goods and services, through a competitive bidding process,
- Provide uniform guidelines and procedures for all County departments, and
- Assure compliance with all applicable laws pertaining to the purchase of goods and services for governmental units.

This policy supercedes any previous procurement and contracting policies and procedures adopted by the Clay County Board of Commissioners.

This policy is effective immediately following its adoption by the Clay County Board of Commissioners.

II. RESPONSIBILITY

Within the scope of Minnesota Statutes M.S. 375.72, M.S. 375.73 and 375.74, the Clay County Board of Commissioners hereby designates the County Administrator's office to be responsible for the implementation of this Procurement and Contract Administration Policy. The County Administrator has the responsibility to oversee and coordinate the purchase of goods and services and contract administration with all County departments. The office of the Clay County Auditor is responsible for the central accounting function for all County departments. The office of the Auditor is responsible to ensure that a complete audit trail and proof of purchase (i.e. purchase orders, invoices, payment vouchers, etc.) is maintained (in compliance with the Minnesota Record Retention Schedule) with the appropriate authorized signatures.

The procurement and contract administration policies and procedures outlined in this document are applicable to all department heads, elected and appointed, and County personnel. All County department heads and authorized department officials have the responsibility to comply with these policies and procedures while purchasing or contracting for any supplies, material, equipment, or contractual service, or the sale of surplus, obsolete or unusable supplies, materials, or equipment by their department or agency.

III. MINNESOTA STATUTES & ATTORNEY GENERAL OPINIONS

Key Minnesota Statutes that govern the procurement of goods and services of Minnesota counties are listed as follows:

- MN Statute 15.72, Subd. 2 Provides guidance for progress payments and retainage for public contracts
- MN Statute 160.17 Road construction requirements
- MN Statute 162.04 Final payment on applicable highway projects
- MN Statute 290.97 Withholding
- MN Statute 373.01 Delineates powers and duties of a county, including requirements for bidding on contracts for the sale, lease, or conveyance of real and personal property owned by the County
- MN Statute 373.02 Delegates authority to execute written documents to Board Chair and Board Clerk (County Administrator)
- MN Statute 375.21 Addresses bid and bond requirements for work or labor; purchase of furniture, fixtures, other property; construction or repair of roads, bridges, or buildings
- MN Statute 375.72-74 Delegates the authority to designate a County Purchasing Department, Director of Purchasing, and outlines the duties of the Purchasing Department
- MN Statute 375.75 Authorizes the County Boards to adopt rules and regulations for the procurement of goods and services
- MN Statute 375.76 Defines the circumstances when purchases, contracts, and sales may be void
- MN Statute 375.83 Use of Public funds for promotion of economic and agricultural resources of the County
- MN Statute 471.345 Uniform Municipal Contracting Law
- MN Statute 471.36 Non-competitive supplies and equipment
- MN Statute 471.87 Addresses personal financial interests (conflict of interest) and associated penalties

MN Statute 574.26 Performance and Payment Bonds requirements for contracts in excess of \$75,000 for the performance of any public work

Attorney General
Opinion 63-a-2
(May 6, 1965)

Use of County Funds - Payment of necessary meal expenses

Attorney General
Opinion 707-a-7
(July 22, 1985)

Exclusion of Professional, Technical, and Personal Services from competitive bid requirements of 375.21

IV. DEFINITIONS

Bid Bond	A bond which covers the cost of rebidding if a successful bidder refuses to enter into a contract. It can be in the form of cash, certified check, cashier's check, postal bank or express money order, or surety from a reputable bonding company. The value of the bid bond is normally set at 5-10% of the project value, however, it could also be a dollar amount set by the bid originator. The bond is forfeited by the contractor if the contractor backs out of the bid award and does not sign an original contract.
Change Order or Work Order	A written order that makes revisions to a contract when there are provisions in the original agreement allowing for such changes. For road construction projects, this document only changes the original project or specifications.
Contract Addendum	A part of a contract setting forth terms and conditions added to a contract prior to execution.
Contract Amendment	A modification/revision of one or more terms/conditions.
Contract Manager	The person who administers the contract.
Contract/Agreement	A written agreement detailing the terms and conditions between the parties involved; signed by both the County and the contractor.

elected or appointed, or a County employee, is a criminal offense. A department head or an employee who participates in a violation is individually responsible for restitution and personally subject to legal action.

VI. COST THRESHOLDS FOR APPROVING CONTRACTS AND PURCHASES

The department heads are authorized to approve contracts for the procurement of goods and services under ~~\$10,000~~ **\$25,000, or the amount specified in M.S. 471.345, Subd. 5, whichever is greater** (~~\$50,000~~ **\$100,000** for Highway construction/maintenance contracts) if they are included in the department's approved budget for that year. Contracts and purchases over ~~\$10,000~~ **that amount** require County Board approval. Contracts will be reviewed by the County Attorney at the discretion of the County Board.

VII. BID PROCESS

The County Board may, at its option, direct that the bid process be used for any contract, no matter the amount.

VIII. EXCEPTIONS TO BID PROCESS IN THE EVENT OF AN EMERGENCY

Minnesota Statute 375.21 provides for an exception to bid requirements under emergency situations. It states: "In the case of an emergency arising from the destruction or impassability of roads or bridges by floods, rain, snow, or other casualty, or from the breaking or damaging of any County property, where the public interests would suffer by delay, such contracts for purchase or repairs may be made without advertising for bids, but in such case the action of the Board shall be recorded in its official proceedings." Thus, if the bidding requirements outlined in M.S. 375.21 are suspended due to an emergency, this action shall be recorded in the official minutes of a subsequent regular meeting of the County Board.

IX. PROCUREMENT/CONTRACTING PROCEDURES

Purchase or rental of services, supplies, materials, equipment or personal property; or construction, alteration, repair, maintenance of real or personal property:

- A. Over ~~\$50,000~~ **\$100,000** (or amount as specified in M.S. 471.345, Subd. 3, **whichever is greater.**) - Use Bid Process
1. Verify that the item/project is budgeted.
 2. Prepare specifications/plans for bid proposals. In drafting specifications, insure fair and impartial requirements. Bid specifications must be drawn to include as many potential bidders as possible and still meet the needs of Clay County.
 3. Prepare bid advertisement. M.S. 375.21 requires that bid advertising for the purchase of property or for work and labor must be published in the official County newspaper for two weeks. Bid advertisements for

construction or repair of roads, bridges, and buildings must be published in the official County newspaper for three weeks, with ten days between the last ad and the opening of bids. This represents the minimum requirement. The County Board may elect to advertise for bids in several newspapers, or for a longer period of time. If significant changes are made in specifications prior to the conclusion of the bidding process, the bids must be readvertised according to this paragraph.

If the contract is for work or labor or for the construction or repair of roads, bridges, or buildings, a performance bond is required in an amount sufficient to insure faithful performance of the job.

4. Bids are received by the County Auditor, date and time stamped, and held until the end of the bid period. The department then conducts an "official bid opening". The bids are tabulated and evaluated against the bid specifications and checked for bid bonds or other appropriate documents.
5. The "lowest responsible" bidder is determined by the originating department through objective measures (not necessarily the lowest bidder dollarwise).
6. The recommendation for the award of the contract to the lowest responsible bidder is submitted to the County Board. If the County Board approves a contract with someone other than the lowest bidder dollarwise, the Board Minutes must also record an explanation for this.
7. After award of bid, the contract manager sends the contract to the vendor for signature, attachment of certificate of insurance, and performance bond.
8. If proof of insurance is required of Clay County, the contract manager will notify the County Administrator's office. MCIT Insurance Group will then be notified to provide a certificate of insurance.
9. After the vendor has signed and returned the contract, the performance bond (if applicable) and the certificate of insurance are reviewed by the contract manager for compliance with contract requirements.
10. The contract is forwarded to County Administrator for signatures of the Board Chair and County Administrator (or County Auditor if required by the State of Minnesota).
11. After the contract is signed, a minimum of two copies are made

(department copy and vendor copy) and returned to the contract manager for distribution. The original is filed in the centralized file.

12. The contract manager notifies the Auditor of the bid award and arranges for the cashier's checks to be returned to vendors not awarded the bid.

B. Items between ~~\$10,000~~ \$25,000 and ~~\$50,000~~ \$100,000 (or amounts as specified in M.S. 471.345 Subd. 4, whichever is greater).

1. Verify that the procurement item/project is budgeted.
2. Prepare specifications for bid proposals or quotations
3. Obtain a minimum of two written quotations, three if possible. All quotations obtained shall be kept in the centralized file.
4. Submit recommendation to the County Board for the award to low bid or quote. If the contract is awarded to a vendor representing other than the lowest bid or quote, the County Board minutes must also record an explanation for this.
5. Upon receiving County Board approval for contract award, prepare contract with the assistance of the County Attorney's office if deemed necessary.
6. The contract is sent to vendor for signature, with the request for a certificate of insurance, if required, and, if applicable, a performance bond in the amount of the contract (or the value set by the department).
7. When contract is returned, the certificate of insurance is reviewed by the contract manager for compliance with contract requirements.
8. The contract is signed by the County Board Chair and County Administrator (or County Auditor if required by the State of Minnesota).
9. Two copies are made (department and vendor) and sent to the contract manager for distribution. The original contract is placed in the centralized file.
10. **Items 4 and 5 do not apply to Highway contracts awarded under section VI hereof.**

C. Contracts Under ~~\$10,000~~ \$25,000 (or amount as specified in M.S. 471.345, Subd. 5, whichever is greater).

1. Verify that the item/project is budgeted.
 2. Prepare specifications for bid proposals or quotations.
 3. Obtain a minimum of two price quotations. All quotations must be documented and kept in the centralized file.
 4. Prepare contract with the assistance of the County Attorney's Office if deemed necessary.
 5. Send contract to vendor for signature.
 6. When the contract is returned by vendor, the contract is then signed by department head.
 7. The signed contract is placed in the centralized file.
- D. **Notwithstanding the foregoing county departments are authorized to use the best value alternatives in M.S. 471.345 as applicable.**

X. DOCUMENTATION AND INVENTORY CONTROL

In each department, designated personnel responsible for the procurement of particular goods and services and Auditor department will ensure that each procurement transaction is properly documented. A complete audit trail and proof of purchase (i.e., purchase order, payment voucher, invoice, etc.) must be maintained with the appropriate authorized signatures.

The County Auditor's Office is responsible for maintaining the up to date inventory of Capital Assets (including Equipment and Furnishings) for all County Departments. Department Heads are responsible for the storage and safekeeping of supplies and goods procured by their respective departments.

Department heads and other County personnel making decisions for the procurement of goods and services must be able to provide proof of compliance with the procurement/contract administration policy and with applicable State law.

XI. CENTRALIZED FILE

The office of the County Administrator is responsible for maintaining the centralized filing system for all County contracts not maintained in the Highway Department and Human Services Department. These files will serve as a reference for the County Administrator, County Auditor, other County departments, and the State Auditor. Documentation kept in the centralized file includes the following, as applicable:

- Original signed contract.
- Advertisement for bids.
- Formal tabulation of bids or written quotes.
- Bid bond.
- Performance and/or payment bonds as required.
- Certificate of insurance or waiver.
- Change orders/supplemental agreements.
- Board resolutions awarding the contract and approval of final payment.
- Explanations when not accepting the lowest bid.
- Certificate of withholding taxes paid (Form IC 134) from any contractor/ subcontractors on projects bid out as per MN Statute 290.97.
- Final inspections; checklist of deficiencies (punch list) with correction dates/initials.
- Other pertinent correspondence/documentation.

XII. FINAL PAYMENT OF ROAD CONSTRUCTION PROJECTS OVER ~~\$50,000~~ \$100,000

Final payment on Highway construction projects over ~~\$50,000~~ \$100,000 is made pursuant to MN Statutes Section 162.04 and 160.17 and in those cases where a progress payment is reserved as retainage pursuant to Section 15.72, Subd. 2.

- A. Submit final payment to the County Board for approval.
- B. The vendor is paid after approval by the County Board.

XIII. COOPERATIVE PURCHASING CONTRACTS

In accordance with M.S. 471.345 Subd. 15, Clay County may contract for the purchase of supplies, materials, equipment, etc., without regard to the competitive bidding requirements if the purchase is through a national municipal association's purchasing alliance or cooperative created by a joint powers agreement that purchases items from more than one source on the basis of competitive bids or competitive quotations.

XIV. A SINGLE SOURCE SUPPLIER

A competitive bidding process might not be feasible in the event that a supplier is the only acceptable vendor who is able to furnish a certain item or service (M.S. 471.36). The County Administrator is responsible for making single source contract determinations based on the consideration of the following factors:

1. Is there a lack of responsible competition?
2. Does the vendor possess exclusive and/or predominant capabilities?

3. Is the product or service unique and easily established as one of a kind?
4. Can program requirements be modified so that competitive products or service may be used?

XV. PROFESSIONAL, TECHNICAL AND PERSONAL SERVICES CONTRACTS

Contracts for the procurement of professional, technical, and personal services are excluded from the bidding requirements of M.S. 375.21 as per Minnesota Attorney General Opinion (707-a-7 dated July 22, 1985). In procurement of these services, several factors, in addition to cost, need to be considered, including qualifications, experience, and competency. The process consists of:

- Request For Proposals (RFP)
- Review of proposals submitted and selection of preferred proposals
- Negotiation of price and contract terms

For purposes of this policy, professional, technical, and personal services include at least the following:

- Architectural and Engineering services
- Legal services
- Financial services and Financial Audits
- Insurance consultation
- Personnel consultation
- Technology consultation
- Planning and special studies
- Publication of official proceedings

XVI. PUBLIC OPINION SURVEYS

Department heads, elected and appointed, must obtain County Board approval prior to expending County funds on public opinion polls or surveys associated with the activities of their respective departments.

XVII. PROCUREMENT AND DISTRIBUTION OF PROMOTIONAL ITEMS

In accordance with the provisions of M.S. 375.83 and direction provided by the Office of the State Auditor (letter dated 4/22/03) the County departments may purchase promotional items (e.g., refrigerator magnets, pencils, pens, junior deputy badges, balloons, hats) for distribution at public events (such as the County Fair, Citizens Academy, Community Policing Program) to the extent that the distribution of these items serves a public purpose by either: 1) promoting the economic and agricultural resources of the County; or 2) inform the citizens of the services provided by the County.

XVIII. PAYMENT FOR NECESSARY MEAL EXPENSES DURING BUSINESS MEETINGS

In accordance with Minnesota Attorney General Opinion 63-a-2 (May 6, 1965), and guidance provided by the Office of the State Auditor (letter dated March 14, 2003, page 13) the County may pay for necessary meal expenses, during business meetings. These meal expenses must be approved by the department head. In approving the meal expense, the department head must determine: 1) Does the meeting where meals are being provided serve a public purpose and a benefit to the County in accordance with the Attorney General's opinion 62-a-2 (May 6, 1965); and, 2) Is it necessary to schedule the business meeting during the meal time rather than some other time.

The County Board, County Committees, and County officials having routine lunch, breakfast or dinner meetings are not considered necessary meal expenses. Examples of meetings where meal expenses would be reimbursable would be the special meetings or joint meetings between the County officials and officials of other entities (e.g. City, State, other Counties, County Housing & Redevelopment Authority) to serve a specific public purpose and where it is necessary to schedule the meeting during a meal time rather than some other time. Procedures and policies for the reimbursement of meal expenses while traveling and/or attending meetings on County business are outlined in Chapter 15 of the Clay County Personnel Policy.

XIX. USE OF CREDIT CARDS: See Attachment A

XX. USE OF CELL PHONES: See Attachment B

XXI. GENERAL GUIDANCE ON CAPITAL ASSET USEFUL LIFE: See Attachment C

XXII. CAPITALIZATION THRESHOLD POLICY: See Attachment D

XXIII. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) 34 ACCOUNTING POLICIES: See Attachment E

**Policy Statement
County Issued Credit Cards**

(This policy does not pertain to local "charge" accounts.)

Adopted: 8/5/03
Amended: 8/3/04

Application for a County Issued Credit Card

Any employee who believes they may need a credit card for official business purposes must fill out the attached form and submit it to their department head.

The department head should complete the appropriate section of the form and forward it to the Auditor's Office. The Auditor will present the request to the Board of Commissioners.

The Board of Commissioners will approve or deny the request based upon the information presented on the form. There must be a compelling business reason for the Board to approve issuance of a County issued credit card.

The County may run a background credit check on the applicant's personal credit history.

Use of County Issued Credit Card

County issued credit cards are to be used only for conducting officially approved County business. They are not to be used in any circumstances for personal reasons. Official County business includes approved travel (hotels, meals, travel expenses) per County policy and other items approved, per County policies, prior to actual purchase.

Any charges incurred must be submitted to the Clay County Auditor's Office with supporting documentation (monthly statement) and receipts attached within 7 days of statement receipt date.

Statutory Authority

SS 375.171 "A County Board may authorize the use of a credit card by any County officer or employee otherwise authorized to make a purchase on behalf of the County. If a County officer or employee makes a purchase by credit card that is not approved by the County Board, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or County policy applicable to County purchases."

CREDIT CARD PURCHASING POLICY

I. PURPOSE:

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

II. SCOPE:

This policy and procedure applies to all County Departments, Funds and agencies that have selected employees to use credit cards.

III. GENERAL:

The Request for a Credit Card will be made by the Department and submitted to the County Auditor's office for presenting to the County Board for approval. If approved, the Auditor's office will set up the applicant on the credit card system.

IV. BACKGROUND:

The County has used various methods to purchase goods and services. To improve acquisition cycle time, to establish a more efficient, cost-effective method of requisitioning, purchasing, and payment for small dollar transactions, Clay County is initiating a credit card program to enhance the existing methods of reimbursements for merchandise purchases.

A number of unique controls have been developed for a program that do not exist in a traditional credit card environment. These controls ensure that the card can be used only for specific purposes and within specific dollar limits. In addition, purchase information will be provided in sufficient detail to allow for verification by the approving official.

V. CREDIT CARD PURCHASING POLICY AND PROCEDURE:

A. This policy is intended to accomplish the following:

1. To ensure that credit cards are used in accordance with Clay County policies.
2. To ensure internal controls for authorized credit.
3. To ensure that the County bears no legal liability for inappropriate use.
4. To provide a convenient credit method and reduction of the number of credit cards used in the County.
5. To empower employees, increase productivity, flexibility, and efficiency.

B. Credit Card Authorization

1. The card will have the County's name, individual's name, County Department and the expiration date.
2. The credit card vendor will have no individual cardholder information other than the County's mailing address; no personal credit records, social security numbers or other personal information is maintained.
3. Purchase information is transmitted electronically to the card issuer for authorization. All transactions require authorization regardless of the amount. Since the County, not the individual employee, will pay the purchases made with the credit card, additional controls have been added to these accounts. When the merchant seeks authorization for the purchase, the credit card system will check each individual cardholder's single daily purchase limit and 30-day limit before authorization for that transaction is

granted.

C. Cardholder Spending Limits

1. The delegation of authority that has been provided to each cardholder sets the maximum dollar amount for each Single Daily Purchase Limit, and a total for all purchases made with a credit card within a given 30-Day Limit billing cycle. Each time a cardholder makes a purchase with their credit card, these limits will be checked, and the authorization request will be approved or declined. The Clay County limits are as follows:
 - i. Single Daily Purchase Limit - \$2000.00
 - ii. Thirty Day Limit - \$5000.00
2. Department heads may establish lower limits for their cardholders.
3. Occasionally, a unique situation may require a purchase exceeding the cardholder's limits; these purchases will not be allowed on the Department's credit card.
4. Use of credit card.
 - i. The credit card shall be used for County business only.
 - ii. The credit card has a broad range of acceptance by retailers, service stations, and travel services.
 - iii. Cardholder responsibility - The credit card is issued in the name of a specific cardholder with their name embossed on the card. No other person is authorized to use the card.
5. Conditions for use - Use of the card shall be under the following conditions:
 - i. The total of the single daily purchase may be comprised of multiple items and cannot exceed \$2000.00 (or limits of specific cardholder authority)
 - ii. Purchase authorization will be denied if the single daily purchase limit is exceeded.
 - iii. Purchases over the counter - all items purchased over the counter must be immediately available and cannot be back ordered.
6. Documentation, reconciliation, and payment procedures
 - i. Documentation must be retained as proof of purchase whenever using the credit card.
 - ii. For purchases over the counter, the cardholder must obtain a customer copy of the charge slip, reconcile the monthly statement and submit it to Accounts Payable with the monthly statement.
 - iii. These documents will be used to verify purchases shown on the cardholder's monthly statement.
 - iv. If, for some reason, the cardholder is missing documentation of the transaction, the cardholder must contact the vendor for a duplicate receipt. * **Lost receipts where no duplicate receipt is available will be reimbursed to the County by the cardholder.**
 - v. Customer copies of charge slips, receipts and monthly statement will be reconciled by the department and forwarded to the Auditor's Office for payment within seven (7) working days or within the terms and conditions of the vendor.
 - vi. The department head must review all documentation and ensure that all purchases are valid and appropriate prior to approving the claims for payment.

D. Requests for Credit Cards

1. All requests for credit cards must be approved by the department head and County Auditor prior to being presented to the County Board for final approval.
2. All requests for a credit card will be done by submitting a Request For Credit Card form (*Attachment 1*). The form will be processed by the Auditor's Office with the credit card provider.
3. Upon issuance of the credit card, the cardholder will personally sign for their credit card.
4. The Auditor's office will distribute the credit card and add it to the cardholder's Personnel Inventory List.

E. Inventory of credit cards

1. As needed, but at least on an annual basis, the County Auditor will conduct a physical inventory of credit cards and provide a report to the County Board.

F. Lost/Stolen credit cards

1. Should any employee lose or have their credit card stolen, it is their responsibility to immediately notify, within 24 hours, the credit card issuer and the Auditor's office.
2. Contact information of the credit card issuer will be provided to the cardholder.

G. Disputes regarding credit cards

1. In case of a dispute with a vendor, the cardholder must complete, within five working days, a Cardholder Statement of Questioned/Disputed Item form (*Attachment 2*).

**COUNTY OF CLAY
CREDIT CARD USER AGREEMENT**

I agree to the following regarding use of the Clay County credit card:

1. I understand that I am making financial commitments on behalf of the County of Clay and will strive to obtain the best value for the County.
2. I understand that under no circumstances will I use the credit card to make personal purchases, either for myself or for others.
3. I understand that it is my responsibility to provide a receipt for all charges made by me on the Clay County credit card. I will reimburse Clay County for meals, gas and other expenses if I do not submit a receipt or have lost my receipt and cannot obtain a copy.
4. I will follow the established procedures for use of the credit card. Failure to do so may result in either loss of privileges or other disciplinary actions, including termination of employment.
5. I agree that should I willfully violate the terms of this Agreement, I will reimburse the County of Clay for all incurred charges and any fees related to the collection of those charges.

Fund and Department: _____

Employee Name and Phone Ext. (Print) _____

Employee Name (Signature)

Date _____

CARDHOLDER STATEMENT OF QUESTIONED/DISPUTED ITEM

TO: _____

THROUGH: _____ (Approving Department Head or Manager)

FROM: _____ (Cardholder)

RE: _____ (Questioned item on credit card statement)

The following item(s) listed on Statement of Account is disputed:

Date of Statement of Account: _____

Item(s) Disputed: _____

Reason:

(Provide information as to why item(s) does not meet your requirements. Indicate actions requested of merchant, reasons merchant refused to correct dispute, and any other information that is available to assist Auditor's Office to negotiate dispute.)

- Action Requested: Return item and obtain credit
 Exchange for same item
 Exchange for different model, brand, etc.

Other comments: _____

Signature of Cardholder

Date

Signature of Department Head/Supervisor

Date

Attachment "B"

CLAY COUNTY CELLULAR PHONE USE POLICY

Adopted by the Clay County Board of Commissioners
December 14, 2004

1. **Purpose:** In recent years the use of cellular phones has become an essential part of County business. The purpose of this policy is to provide the guidelines for the use of cellular phones by County personnel in the performance of their job-related duties. These guidelines are applicable to all County departments.
2. **Assignment of Department Cellular Phones:** The Department Head will develop criteria to determine which positions in the department require a cellular phone. The criteria for the assignment of a County-owned cellular phone to an employee will include:
 - a. Specific needs of the department
 - b. Employee's work duties
 - c. Safety considerations for County employees involved in certain aspects of service delivery (e.g., home visitation or entering private property)
 - d. Considerations related to improved customer service.
 - e. Improved efficiency in the performance of job duties.
3. **Responsibility:** Employees who have been issued cellular phones by the County are authorized to utilize the cellular phone service for all work related needs including, but not limited to the following:
 - a. Provide communication as needed with personnel in the department and other agencies.
 - b. Contacting clients and customers as needed.
 - c. When the safety of the employee or others may be at risk.
 - d. In emergencies including unexpected illness, car trouble, inclement weather, etc., for self and others.
 - e. When employee's work location land lines and regular telephones are not available.
 - f. Retrieving voice mail messages.
 - g. Having the cellular phone available for use during all hours of work and when the employee is subject to call.
 - h. Ensuring that use of the cellular phone does not cause distraction during the work hours. This includes setting the cellular phone to a "silent alert" during meetings.
 - i. For safety reasons, the use of cellular phones while driving a motor vehicle is discouraged.
 - j. Care and upkeep of the phone to minimize the chance of damage or loss.
 - k. Providing adequate security for the phone to prevent unauthorized use from finding client, confidential or non-published numbers stored in the memory.
 - l. Monitoring and verification of phone calls, air time and cost, and providing that information to the department or the County Auditor's office when requested.
4. **Criteria for the use of County Issued Cellular Phones:** The Department Head must approve the selection of the County issued cellular phone plan which is cost effective and which matches the required level of usage by the employee. Employees provided with County issued cellular phones are responsible for verifying usage. County issued cellular phones are intended to be used for County business. Personal calls are allowed for special circumstances. When an employee's personal use of the

County issued cellular phone results in the base cellular phone plan being exceeded, the additional costs, above and beyond the base plan, shall be reimbursed by the employee. Monthly phone bills will be monitored as necessary to observe personal use. The County Auditor will be responsible for determining the reimbursement amounts as necessary. Excessive personal use or abuse of County issued cellular phones as determined by the department head or County Auditor's office will be subject to disciplinary action in accordance with the County Personnel Policy.

5. **County Property:** All County issued phones and related equipment (e.g., chargers, cases, adapters) remain County property and must be returned to the issuing department when no longer needed.

Clay County's General Guidance on Capital Asset Useful life

Depreciation is an allocation of costs over the expected useful life of an asset. It is rare that an asset's actual life will match the estimated useful life. Therefore, it is important to remember that depreciation is an estimate of the annual expense and actual results can differ from those estimates. Also important to consider is that estimates can change over time due to changes in condition and experience. The broad ranges provided here are meant for general guidance. An individual entity may have assets with estimated useful lives outside these ranges.

- Buildings 15 to 75 years. Major buildings will probably have a longer life because they are expected to last much longer. Historic buildings like courthouses and city halls may have even longer lives, because of their importance to the local community. These buildings will end up having more repairs and improvements over their useful lives. Small buildings (storage sheds, etc.) may be assigned a lower expected life. Type of construction will have an impact on useful lives. Higher quality materials should result in a longer useful life.
- Equipment 3 to 15 years. In many situations, the vendor or the department head can make a fairly accurate estimate of how long these items will last. Equipment that is heavily used will obviously be at the lower end of the spectrum. Technology improvements can impact how long an entity uses certain equipment and can impact salvage values.
- Vehicles 3 to 12 years. Most sheriff and fleet cars will be traded around 3 to 4 years because the cost of maintenance increases rapidly after that point. Buses tend to last longer than most other vehicles. Automobiles will probably last 5 to 7 years under normal situations.
- Infrastructure--20 to 50 years. Streets can have a life expectancy anywhere in the 20 to 50 year life range. The type of construction, the amount of traffic, weather, and even location can have significant impacts on the useful lives. Bridges will be around 50 years or greater. Sidewalks, and street lights will have a lower life expectancy 20 to 25 years.
- Land Improvements (depreciable)--5 to 30 years. Some improvements, such as paved parking lots, are more susceptible to the effects of weather and would have shorter lives than other improvements that are less impacted by normal weather conditions, such as ball fields or golf courses.

Capital Asset Type Useful Life

<p>Data Processing Equipment - Small Mainframe and Peripheral Equipment – LAN file servers, small mainframe computers, workstations, storage units, communication systems, software (developed and purchased), personal computers (PCs), printers, plotters, and other peripheral equipment that is an integral part of the data processing operation.</p>	<p>3- 5 years</p>
<p>Data Processing Equipment - Large Mainframe - Large mainframe computers and other peripheral equipment as listed above.</p>	<p>3-4 years</p>
<p>Data Processing Equipment - Special Systems - Air Conditioning systems, fire protection systems (halon), raised flooring, special sound proofing, microwave towers, etc. should be recorded as Building Improvements unless these assets are removable.</p>	<p>5-10 years</p>
<p>Furniture and Equipment - Includes furniture and fixtures which are not a structural part of a building such as small office equipment, copiers, office furniture including desks and chairs, household, laundry and refrigeration equipment, educational and recreational equipment, firefighting equipment, medical and lab equipment, agricultural and landscaping equipment, firearms, shop and plant equipment, and signs, signals and safety devices.</p>	<p>5-10 years</p>
<p>Automobiles - Passenger - All transportation vehicles other than trucks.</p>	<p>3-12 years</p>
<p>Light General Purpose Trucks - Includes trucks with unloaded weight less than 13,000 pounds (pick-ups, vans).</p>	<p>6-10 years</p>
<p>Heavy General Purpose Trucks - Includes trucks with unloaded weight more than 13,000 pounds. The life of the vehicles is dependent upon actual use. Trucks for construction purposes will have a shorter life. Trucks used strictly for highway use should have a longer life.</p>	<p>5-10 years</p>
<p>Heavy Equipment - Includes forklifts, front loaders, graders, etc.</p>	<p>10-20 years</p>
<p>Other Equipment & Small Buildings - Includes shop and plant equipment, construction and maintenance equipment, boats, trailers, sheds, etc.</p>	<p>5-10 years</p>
<p>Office Buildings, Building Improvements, Warehouses, and Garages - New construction</p>	<p>30-40 years</p>
<p>Existing buildings and new building improvements</p>	<p>Up to 75 years</p>
<p>Land Improvements Land Improvements consist of betterments, other than buildings, that ready land for its intended use. Includes site improvements such as excavation, fill, grading, and utility installation; removal, relocation, or reconstruction of existing property or property of others, such as railroads and telephone and power lines; retaining walls; parking lots; fencing; and landscaping. Land improvements that readies land for Infrastructure should be recorded as Infrastructure, not Land Improvements</p>	<p>5-30 years</p>
<p>Infrastructure - Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Includes roads, bridges, tunnels, drainage systems, water and sewer systems, dams, lighting systems, noise abatement walls, and ancillary buildings</p>	<p>20-50 years</p>

Attachment "D"

Effective as of 1/1/03

Clay County's Capitalization Threshold Policy

	Tracking & Inventory	Capitalize & Depreciate
Land	\$1	Capitalize only
Land Improvements	\$1	\$25,000
Building	\$1	\$50,000
Building Improvements	\$1	\$50,000
Construction in Progress	\$1	Capitalize only
Machinery & Equipment	\$1,000	\$5,000
Vehicle	\$1,000	\$5,000
Infrastructure	\$50,000	\$100,000

Effective as of 1/1/03

**CLAY COUNTY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) 34
ACCOUNTING POLICIES**

Policy for determining short-term portions of Compensated Absences

The reporting requirements under GASB Statement 34 require the short-term portion (those that are due in one year or less) of the liability for compensated absences to be presented separately from the long-term portion.

In order to provide a good estimate of liability, an estimate of Short Term liability is calculated on an individual employee basis. The amount calculated will be used as the current portion for the current year, and will be reported in the current liability section of the Statement of Net Assets. The amount calculated as the estimated current portion of compensated absences will be subtracted from the total compensated absences at year end and the difference will be the noncurrent portion of compensated absences.

Policy for Eliminating Internal Activity

Statement of Net Assets:

Amounts reported in the funds as interfund receivables and payables (Due to/Due from other funds) will be eliminated in the governmental and business-type activities column of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which will be presented as internal balances. Amounts reported in the funds as receivable from or payable to fiduciary funds will be included in the statement of net assets as receivable from and payable to external parties, rather than as internal balances. All internal balances will be eliminated in the total primary government column.

Revenues and expenses related to interfund services provided and used between functions will not be eliminated in preparing the statement of net assets because they provide essential information on the net cost of each government function.

Statement of Activities:

Interfund reimbursements such as allocation of overhead costs among funds are treated as the allocation of expenditure from one fund to another with no effect on the total amount of expenditure reported, thereby, no consolidation is needed.

Interfund transfers among funds within the same activities column will be eliminated from that column in the statement of activities. All interfund transfers will be eliminated from the consolidated total column presented for the primary government on the statement of activities.

Policy for applying FASB Pronouncements

Reporting for business-type activities will be based on all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements:

- a. Financial Accounting Standards Board (FASB) Statements and Interpretations
- b. Accounting Principles Board (APB) Opinions
- c. Accounting Research Bulletin's (ARB's) of the Committee on Accounting Procedure

Pursuant to GASB Statement 20, the County has elected to not apply accounting standards issued after November 30, 1989, by the Financial Accounting Standards Board.

Policy for determining Program Revenues

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. The statement of activities will separately report three categories of program revenues: (a) charges for services, (b) program-specific operating grants and contributions, and (c) program-specific capital grants and contributions.

- A. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services, licenses, and permits.
- B. Operating special assessments, and any other amount charged to service recipients.
- C. Program-specific grants and contributes include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- D. Program-specific capital grants and contributions consist of capital assets or resources that are restricted for capital purposes - to purchase, construct, or renovate capital assets associated with a specific program.

Multipurpose grants (those that provide financing for more than one program) will be reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multipurpose grants that do not provide for specific identification of the programs and amounts will be reported as general revenues.

Policy for Proprietary Fund revenues classification

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Revenues considered to be nonexchange or nonexchange-like will not be reported as components of operating income.

Policy for order of applying resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Policy for identifying and reporting extraordinary or special items

Extraordinary items are both 1) *unusual in nature* (possessing a high degree of abnormality and clearly unrelated to, or only incidentally related, the ordinary and typical activities of the entity); and 2) *infrequent in occurrence* (not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates). The primary factor in applying both criteria is the environment within which an entity operates.

Special items are significant items, subject to management's control, *that meet one, but not both*, of the criteria used for identifying extraordinary items.

Extraordinary and special items are reported near the bottom of the statement of net assets. If special items and extraordinary items occur in the same period, the two should be reported separately within a single category, with special items reported before extraordinary items.

Policy for allocation of Indirect Expenses

All expenses (including depreciation) that support a function (activity/department/program) are directly charged and reported against that function (activity/department/program). Any indirect expenses experienced by Clay County are reported within the General Government function. No attempt is made to allocate these indirect expenses to the other functions of the County. GAAP indicates no requirement to disallocate such expenses in order to present a separate indirect expense allocation column as allowed by GASB 34. However, disclosure will be made in the summary of significant accounting policies stating expenses reported for functional activities include allocated indirect expenses.