

# ***Johnson County, Iowa***

## ***FINANCIAL POLICIES***



# TABLE OF CONTENTS

<a href="#">CAPITAL IMPROVEMENT BUDGET POLICY.....</a>	<a href="#">3</a>
<a href="#">ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY .....</a>	<a href="#">4</a>
<a href="#">BUDGET &amp; FINANCIAL MANAGEMENT POLICY.....</a>	<a href="#">5</a>
<a href="#">CASH HANDLING POLICY.....</a>	<a href="#">6</a>
<a href="#">CASH MANAGMENT POLICY.....</a>	<a href="#">7</a>
<a href="#">CREDIT CARD POLICY.....</a>	<a href="#">8</a>
<a href="#">DEBT POLICY.....</a>	<a href="#">10</a>
<a href="#">INVESTMENT POLICY.....</a>	<a href="#">11</a>
<a href="#">CAPITAL ASSET CAPITALIZATION AND THRESHOLD POLICY.....</a>	<a href="#">15</a>
<a href="#">FUND BALANCE POLICY.....</a>	<a href="#">18</a>
<a href="#">FINANCIAL RESERVE POLICY.....</a>	<a href="#">20</a>
<a href="#">PROCUREMENT POLICY FOR FEDERAL GRANT AND LOAN AWARD FUNDS.....</a>	<a href="#">21</a>
<a href="#">GENERAL PURCHASING AND PROCUREMENT POLICY.....</a>	<a href="#">30</a>
<a href="#">PROPERTY DISPOSAL POLICY.....</a>	<a href="#">42</a>

# FINANCIAL POLICIES

## Johnson County Capital Improvement Budget Policy

1. The County will make capital improvements in accordance with the adopted Maintenance and Capital Improvement Plan (MCIP) except for emergency capital improvements approved by the Board of Supervisors
2. Capital improvements will be based on long range projected needs in order to minimize future maintenance and replacement costs.
3. The Board of Supervisors in conjunction with the Space Needs Committee will develop a Maintenance and Capital Improvement Plan (MCIP) for a five-year period and update annually.
4. Estimated costs for each project will be included in the plan.
5. The County will appropriate a minimum of \$600,000 annually to the capital projects fund.
6. Future operating cost projections will be included with any Capital Improvement Plan budget request.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Accounting, Auditing, and Financial Reporting Policy**

1. The County will maintain an accounting system that will enable the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America.
2. The County will obtain an annual audit of its financial statements in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and, if applicable, Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).
3. The County will utilize an independent auditor (either the State Auditor or a private auditing firm), that will be evaluated at a minimum of every three years and selected on a competitive basis. The financial results will be published annually in the Comprehensive Annual Financial Report (CAFR).
4. The independent audit will be reviewed annually by the Finance Committee and be placed on the Board of Supervisors agenda for discussion/action.
5. Effective internal control procedures will be maintained by County elected officials and department heads and annually reviewed by the County's independent auditor.
6. At least once every five years, the Finance Committee and Board of Supervisors will review capitalization threshold policies.
7. Annually, County elected officials and department heads will perform a physical inventory of all capital assets and forward the results to the Finance Department for compilation.
8. The Finance Administrator will review monthly budget reports and make monthly reports to the Board of Supervisors.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Budget & Financial Management Policy**

1. New or expanded services will not be implemented unless specifically authorized by the Board of Supervisors.
2. The Finance Administrator will provide monthly reports and analysis to the Board of Supervisors and the Finance Committee.
3. The County budget documentation will include a concise summary and guide to key issues for both the operating and capital budgets.
4. The County's Operating Revenues should be sufficient to support operating expenditures.
5. The County will endeavor to maintain diversified and stable revenue sources.
6. A review of user fees and charges for services will be made annually with the Finance Department to determine that an appropriate level is maintained.
7. Governmental funds, except for the general fund, will have reserves based on a review of working capital needs.
8. Long-term (greater than one year) debt proceeds shall not provide for current operating expenditures.
9. The County shall adopt procedures and thresholds related to the purchase of goods and services subject to periodic review by the Board of Supervisors.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Cash Handling Policy**

1. The number of employees with access to cash funds will be limited, and the physical separation of duties between the custodial cash handling and record keeping will be maintained, whenever feasible.
2. Elected officials and department heads will schedule employee training on cash handling procedures as needed.
3. Physical protection of funds through the use of bank facilities, vaults, and locking cash boxes or drawers will be practiced at all times.
4. Departments will deposit receipts with the County Treasurer or in an authorized bank account on a regular basis (within one business day for amounts of \$100 or greater), in order to minimize risk and maximize return on investments. Any receipts held overnight will be kept in a secured location.
5. County departments will maintain records that list any transactions, void checks, void warrants, or refunds for a period of at least five years.
6. The Finance Department will conduct unannounced department cash counts, and report findings and recommendations to the Board of Supervisors at a minimum of annually.
7. Funds owned by employees will be kept separate from County funds at all times, and elected officials and department heads will annually report the existence of funds to the County Auditor.
8. All revenues collected will have a receipt written at the point of sale or collection. Any exceptions must be documented and approved by the Board of Supervisors.
9. The County will carry a surety bond(s) covering all employees and elected officials in the amount recommended by the County's insurance agent and in compliance with the Code of Iowa Chapter 64.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Cash Management Policy**

1. The County shall maintain a permanent collection record that lists all transactions, void checks, void warrants, refunds, or cancellations.
2. All revenues collected shall have a receipt issued at the point of sale or collection.
3. The general operating standard for deposit of negotiable funds, cash and checks to the primary depository shall be within one business day of receipt of those funds with any deposits held overnight being kept in a secured location.
4. The County Treasurer shall have the authority to invest idle funds of all operating and reserve funds, bond proceeds, and other funds accounted for in the financial statements of the County.
5. The Treasurer, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives.
6. Operating funds may only be invested in instruments that mature within three hundred ninety-seven (397) days.
7. Funds of the County that are not identified as operating funds shall have maturities that are consistent with the needs and use of the County.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Credit Card Policy**

1. When possible, County purchases should be made using direct billing by the vendor.
2. The Finance Department will facilitate the issuance of County credit cards, with the assistance of the Treasurer's Office.
3. Only credit cards authorized by the Board of Supervisors will be allowed. Currently, the VISA card issued through a local financial institution by the Treasurer's Office/Finance Department is the only allowable credit card.
4. Elected officials and department heads will work with the Finance Department to determine the correct number of credit cards for their office or department, and discuss the proper credit card limits. Annually the Board of Supervisors will review the listing of departmental credit cards and the credit limits on each card.
5. Each department or office will assign one person as the designated controller of the credit cards. It will be that person's responsibility to maintain a listing of all credit cards in that department or office and compare annually to the listing held in the Finance Department.
6. It will also be the controller's responsibility to ensure all credit card invoices are turned into the Auditor's Office timely to avoid late fees.
7. Monthly credit card bills must be paid in full by the department to avoid interest charges. Late fees on credit card invoices are determined to be an improper use of taxpayer money and could result in an audit comment on our annual financial audit. Additionally, the users are responsible, to the best of their ability, for ensuring that they are not charged sales tax for transactions or that they receive a credit if charged, due to the County's "tax-exempt" status.
8. Original itemized receipts and invoices from credit card charges must be turned over to the departmental controller in a timely manner (to be determined by the department head or elected official) after the date of the transaction or returning from a trip or conference with any additional information to show the public purpose of the purchase. Additionally, the departmental controller should inspect the goods purchased.
9. Credit card purchases are allowed for County business expenses only. Cash advances, purchases of alcoholic beverages or the purchase of personal items are not allowed under any circumstances.
10. It is the responsibility of the Elected Official/Department Head or designated controller to notify the Finance Department that a cardholder is ending employment so the credit card can be closed immediately. Not notifying the Finance Department immediately could result in all department credit cards being revoked.



## **FINANCIAL POLICIES (continued)**

11. Lost or stolen credit cards must be reported to the Finance Department immediately, either by email or phone call.
12. Finance will perform an annual audit of each department or office to determine proper use of the credit card. Audit results will be reported to the Board of Supervisors and elected office holders.
13. Failure to comply with these policies and procedures may result in your credit card privileges being revoked or even disciplinary action, if necessary, at the discretion of the Board of Supervisors or elected office holders.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Debt Policy**

1. Capital projects financed through the issuance of bonds or lease-financing agreements will be financed for a period not to exceed the expected useful life of the project.
2. The County will strive to maintain a high reliance on pay-as-you-go financing for its capital improvements.
3. The County will seek the best financing type for each financing need based on the following considerations: Flexibility to meet the project needs, timing, tax or ratepayer equity, and lowest interest cost.
4. The County will continue to strive for the highest possible bond rating to minimize the County's interest expenses.
5. The County's debt policy will not knowingly enter into any contracts creating significant unfunded liabilities.
6. Long-term (greater than one year) borrowing will only be used to fund capital improvements and not operating expenditures.

# FINANCIAL POLICIES (continued)

## Johnson County Investment Policy

### Scope of Investment Policy

The Investment Policy of Johnson County shall apply to all operating funds, bond proceeds, other funds, and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of Johnson County. Applicable law and this written Investment Policy must authorize each investment made pursuant to this Investment Policy.

The investment of bond funds shall comply not only with this Investment Policy, but also be consistent with any applicable bond resolution.

The Johnson County Investment Policy is intended to comply with Chapter 128 of the Iowa Code.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to the following:

1. The governing body or officer of Johnson County to which the Investment Policy applies.
2. All depository institutions or fiduciaries for public funds of Johnson County.
3. The auditor engaged to audit any fund of Johnson County.
4. The Johnson County Auditor.

### Delegation of Authority

In accordance with section 12C.11 of the Iowa Code, the responsibility for conducting investment transactions resides with the Treasurer of Johnson County. Only the Treasurer or a Deputy Treasurer authorized by the Treasurer may invest public funds.

The records of investment transactions made by the Johnson County Treasurer are public records and are the property of Johnson County.

The Treasurer shall establish a written system of internal controls and investment practices. A bank, savings and loan association, or credit union providing only depository services shall not be required to provide audited financial statements.

The Treasurer of Johnson County and all Deputy Treasurers authorized to make investments shall be bonded.

# FINANCIAL POLICIES (continued)

## Objectives of the Investment Policy

The primary objectives, in order of priority of all investment activities involving the financial assets of Johnson County shall be the following:

1. Safety: Safety and preservation of capital in the overall portfolio is the foremost investment objective.
2. Liquidity: Maintaining the necessary liquidity to match expected liabilities of Johnson County.
3. Return on Investment: Obtaining a reasonable return on the investment of funds.

## Prudence

The Treasurer of Johnson County, when investing and depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives. This standard requires that when making investment decisions, the Treasurer shall consider the role that the investment or deposit plays within the portfolio of assets of Johnson County and the investment objectives of Johnson County.

## Instruments Eligible for Investment

Assets of Johnson County may be deposited in the following:

Interest bearing savings, money market, and checking accounts at any bank, savings and loan association, or credit union in the State of Iowa. Each financial institution shall be properly declared as a depository by the governing body of Johnson County. Deposits in any financial institution shall not exceed the amount approved by the governing body of Johnson County.

1. Obligations of the United States Government, its agencies and instrumentality's.
2. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Iowa Code Chapter 12.
3. IPAIT: Iowa Public Agency Investment Trust.
4. Repurchase agreements , provided that the underlying collateral consists of obligations of the United States Government , its agencies and instrumentality's and Johnson County takes delivery of the collateral either directly or through an authorized custodian .

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy.

## FINANCIAL POLICIES (continued)

### Investment Maturity limitations.

Operating funds must be identified and distinguished from all other funds available for investment. Operating funds are defined as those funds, which are reasonably expected to be expended during the current budget year or within 15 months of receipt.

All investments are further subject to following investment maturity limitations:

1. Operating funds may only be invested in instruments authorized in this Investment Policy that mature within 397 Days.
2. The Treasurer may invest funds of Johnson County that are not identified as Operating funds in investments with maturities longer than 397 days. However, all investments of Johnson County shall have maturities that are consistent with the needs of the County.

### Diversification

Where possible, it is the policy of the Johnson County Treasurer to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturity shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
2. Liquidity practices shall be used at all times to ensure that weekly disbursement and payroll dates are covered through maturing investments and cash on hand.
3. Risks of market price volatility controlled through maturity diversification.

### Custody and Safekeeping

All invested assets of Johnson County involving the use of a public fund custodial agreement, as defined in the Code of Iowa section 12B.10C, shall comply with all rules adopted pursuant to section 12B.10C. All custodial agreements shall be in writing and shall contain a provision that all custodial services will be provided in accordance with the laws of the State of Iowa.

All invested assets of Johnson County eligible for physical delivery shall be secured by having them held by a third party custodian. All purchased investments shall be held pursuant to a written third party custodial agreement requiring delivery versus payment and compliance with all rules set out elsewhere in this Investment Policy.

## **FINANCIAL POLICIES (continued)**

### **Investment Policy Review and Amendment**

This Investment Policy may be reviewed as needed and appropriate. Notice of amendments to the Investment Policy shall be given to all appropriate parties.

# FINANCIAL POLICIES (continued)

## Johnson County Capital Asset Capitalization and Threshold Policy

Capital Assets are major assets that are used in governmental operations and that benefit more than a single fiscal period. Johnson County will report the following major categories of capital assets that have an estimated useful life of more than one (1) year.

1. Land
2. Intangible Assets
3. Construction in progress
4. Buildings
5. Improvements other than buildings
6. Furnishings and equipment
7. Infrastructure

Land – Land is always capitalized as a separate capital asset in its own right, even if it is closely associated with some other capital asset. Thus, the land under a building or highway must be classified as land rather than included as part of the cost of the building or highway. The amount capitalized as land should include any land preparation costs that will have an indefinite useful life. Land normally is not depreciated because it has an indefinite useful life. The capitalization threshold for land will be set at \$25,000, with an indefinite useful life.

Intangible Assets – Governmental Accounting Standards Board (GASB) Statement #51 deals with the reporting of intangible assets in our financial statements. GASB #51 defines intangible assets as assets that are identifiable and possess all of the following characteristics: lack of physical substance, nonfinancial nature (not in monetary form like cash or investment securities), and initial useful life extending beyond a single reporting period. It requires us to record and report intangible assets such as easements, land use rights (i.e. water rights, timber rights and mineral rights), patents, trademarks and copyrights. In addition, computer software that is purchased, licensed or internally generated (including websites) as well as outlays associated with an internally generated modification of computer software. The capitalization threshold for intangible assets will be set at \$25,000, with an estimated useful life between 2 to 30 years.

Construction in Progress – Is an asset class in which you record the costs directly associated with constructing a capital asset. Once the asset is placed in service, all costs associated with it that are stored in the construction in progress account are shifted into whichever capital asset account is most appropriate for the asset. Costs in the construction in progress account are not depreciated until the asset is placed in service.

Buildings – Building is an asset class used to account for permanent (non-moveable) structures. The amount reported should include any costs incurred to increase the service utility of a building or to extend its total estimated useful life (improvements or betterments). The amount should also include restoration costs incurred as the result of capital asset impairment. The capitalization threshold for buildings will be set at \$25,000 with an estimated useful life between 15 to 40 years.

## FINANCIAL POLICIES (continued)

Improvements other than buildings – Are permanent (non-moveable) improvements to land that have a limited useful life (land improvements). Examples include fences, retaining walls, parking lots, and most landscaping. The capitalization threshold for improvements other than buildings is \$25,000 with an estimated useful life between 10 and 40 years.

Furnishings and equipment – Is an asset class to account for moveable items. Some examples include Secondary Roads equipment and vehicles. The capitalization threshold for furnishings and equipment is \$5,000 with an estimated useful life between 2 and 30 years.

Infrastructure Assets – Are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, drainage systems, water and sewer systems, and lighting systems. The capitalization threshold for infrastructure assets will be set at \$50,000, with an estimated useful life of 20 to 65 years.

Capital assets are to be reported at historical cost. This should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition. The historical cost should include the cost of any subsequent additions or improvements, which would extend the expected useful life of the asset but exclude the cost of repairs or routine maintenance. Items acquired to extend the life of a previously acquired asset are not required to be inventoried but are added to the historical cost of the asset and capitalized. Maintenance costs are to be expensed rather than capitalized. The independent judgment of capital improvement versus repair or maintenance will be distinguished by the asset owner on a case-by-case basis. Trade-in value, if any, will be deducted from the asset cost. Additionally, if the asset traded was not fully depreciated, the ending book value will be added to the cash paid to determine the capitalized cost of the new asset. A trade-in can be defined as exchanging an existing asset as part of an agreement to acquire a new asset

Capital assets that are being depreciated will be reported net of accumulated depreciation in the statement of net position. Depreciation expense will be reported in the statement of activities.

Individual assets with an initial cost of \$100 or more but less than the capitalized threshold will be maintained on an inventory list for insurance purposes. The \$100 to capitalized threshold is an internal management control and will not be reflected in the financial statements.

Any donated capital assets will be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

### Depreciation Method for Capital Assets

Depreciation expense will be measured by the straight line depreciation method which is historical cost divided over the estimated useful life of the asset.

Formula = Historical cost/Estimated Useful Live



## **FINANCIAL POLICIES (continued)**

Depreciation will be calculated monthly; the first month's depreciation will be taken in the first full month of acquisition for the capital assets of machinery, equipment, vehicles, buildings and improvements other than buildings.

Land, intangible assets and construction in progress are not depreciated. For intangible assets, if the useful life can be determined from contractual or other legal rights, then the intangible asset should be amortized over that useful life, and the service life should not exceed that contractual or legal rights limit.

### **Estimated Useful Lives of Capital Assets**

The standards or parameters for estimating the useful lives of capital assets are based on professional judgments and industry averages, therefore determined to be objectively reasonable. Johnson County will have a subsequent review of estimated useful lives of capital assets once established to reflect changes in the condition of the asset or its use.

A range approach is used as a matter of policy, with specific estimated useful lives attached to specific assets when recorded in order to facilitate depreciation and tracking.

## **FINANCIAL POLICIES (continued)**

### **Johnson County Fund Balance Policy**

The Governmental Accounting Standards Board (“GASB”) has issued Statement 54 (“GASB 54”), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010.

The Johnson County Board of Supervisors is required to implement GASB 54 requirements, and to apply such requirements to its financial statements.

Fund balance measures the net financial resources available to finance expenditures of future periods.

A Non-spendable Fund Balance is an amount legally/contractually required to be maintained intact. Amount in spendable form i.e. inventories, prepaids, long-term amounts of loans/notes receivable, and property acquired for re-sale.

A Restricted Fund Balance is restricted due to external imposition by creditors (debt covenants), grantors, contributors, or laws/regulations of other governments. Can also be imposed by law through constitutional provisions or enabling legislation (must be legally enforceable).

A Committed Fund Balance is an amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. Fund Balances of Johnson County may be committed for a specific source by Resolution of the Johnson County Board of Supervisors. Amendments, modifications, or the discontinuance of the committed fund balance must also be approved by Resolution of the Johnson County Board of Supervisors.

An Assigned Fund Balance is an amount that is constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Assigned Fund Balance may be assigned by the Finance Administrator.

An Unassigned Fund Balance is the residual classification for the General Fund. The General Fund should be the only Fund that reports a positive unassigned fund balance amount.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications within the same fund, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

#### **GASB Statement #54 – Fund Balance Reporting and Governmental Fund Type Definitions**

##### **Fund Balance Classification:**

**Nonspendable** – Amounts legally/contractually required to be maintained intact. Amounts not in spendable form i.e. inventories, prepaids, long-term amounts of loans/notes receivable, and property acquired for re-sale. If the use of the proceeds from collection of receivables or the sale of land held for re-sale is restricted, committed, or assigned then the receivable/land held for re-sale should be reported as such.

**Restricted** – Use is restricted due to external imposition by creditors (debt covenants), grantors, contributors, or laws/regulations of other governments. Can also be imposed by law through constitutional provisions or enabling legislation (must be legally enforceable).

## FINANCIAL POLICIES (continued)

Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

**Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. Committed funds should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

This differs from enabling legislation discussed in restricted above in that constraints imposed on the use of committed amounts are imposed by the government, separate from the authorization to raise the underlying revenue.

The formal action of the government's highest level of decision-making authority should occur prior to the end of the reporting period, but the amount that will be subject to the constraint, may be determined in the subsequent period.

**Assigned** – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Assigned fund balance includes all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and amounts in the general fund that are intended to be used for a specific purpose. However, governments should not report an assignment for an amount to a specific purpose if the assignment would result in a deficit in unassigned fund balance.

**Unassigned** – Is the residual classification for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

### **Fund Type Definitions:**

1. **General Fund** – Should be used to account for and report all financial resources not accounted for and reported in another fund.
2. **Special Revenue Funds** – Should be used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
3. **Capital Projects Funds** – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
4. **Debt Service Funds** – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service fund should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.
5. **Permanent Funds** – Used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

# FINANCIAL POLICIES (continued)

## Johnson County Financial Reserve Policy

1. Unassigned General Fund balances will be maintained at a level to ensure sufficient cash flow throughout the fiscal year. Unassigned General Fund balances will not dip below 15% of taxes levied. Unassigned General Fund balances in excess of 25% of taxes levied will be considered for tax relief.
2. Unrestricted General Fund plus Unrestricted Capital Projects balances will be maintained at a level to ensure sufficient funds in the case of an emergency. These balances shall not dip below 30% of taxes levied for FY12 and all years thereafter.
3. In the event of an emergency, Unrestricted General Fund (including Unassigned General Fund) and Unrestricted Capital Projects balances may be utilized by a vote of the Board of Supervisors. If Unassigned General Fund balances dip below 15% or the total Unrestricted Fund Balances dip below 30% of annual taxes levied, the Board of Supervisors will formally adopt a restoration plan. The Board will look to several sources for restoration, including but not limited to: any budget surpluses, unanticipated one-time revenues, insurance proceeds, and disaster relief received from the State or Federal government. All efforts will be made to restore the fund balance within 3 years of cessation of the event causing the draw on the fund balance. Unassigned General Fund Balances will be used last and restored first.
4. Reserves will also be maintained in Rural Basic (Restricted), MH/DS (Restricted), Debt Service (Restricted), and Secondary Roads (Restricted) funds. Reserve totals may vary in Restricted Fund accounts, and shall be set by a vote of the Board of Supervisors.

Components of fund balances (GASB 54 Terms):

Nonspendable - Inherently nonspendable

Restricted – Externally enforceable limitations on use

Committed – Limitation imposed at highest level of decision-making that requires formal action at the same level to remove

Assigned – Limitation resulting from intended use

Unassigned – Total fund balance in excess of nonspendable, restricted, committed, and assigned fund balance

Unrestricted – Includes Committed, Assigned, and Unassigned.

### **Johnson County Terms:**

General Fund = General Basic + General Supplemental

General Fund + Capital Projects = General Basic + General Supplemental + Capital Projects +  
Capital Expenditures + Technology

# FINANCIAL POLICIES (continued)

## Johnson County, Iowa Procurement Policy for Federal Grant and Loan Award Funds

*Preliminary Note: When spending federal grant and loan award funds, local governments such as Johnson County are required to adopt written procurement policies that conform to applicable federal law and the Uniform Guidance. (2 C.F.R. § 200.318(a)) For individual contracts, Johnson County personnel should also consult their grant award documents and with their federal grantor agency to determine whether additional procurement requirements apply.*

### I. Purpose

The purpose of this policy is to establish guidelines that meet or exceed the procurement requirements for purchases of goods (apparatus, supplies, materials, and equipment), services, and construction or repair projects when federal funds are being used in whole or in part to pay for the cost of the contract. To the extent that other sections of procurement policies and procedures adopted by Johnson County, Iowa are more restrictive than those contained in this policy, local policies and procedures shall be followed.

### II. Policy

- A. **Application of Policy.** This policy applies to contracts for purchases, services, and construction or repair work funded with federal financial assistance (direct or reimbursed). The requirements of this Policy also apply to any subrecipient of the funds.

All federally funded projects, loans, grants, and sub-grants, whether funded in part or wholly, are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (Uniform Guidance) codified at 2 C.F.R. Part 200 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds.

- B. **Compliance with Federal Law.** All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200-326 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. Johnson County will follow all applicable local, state, and federal procurement requirements when expending federal funds. Should Johnson County have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.
- C. **Contract Award.** All contracts shall be awarded only to the lowest responsive responsible bidder possessing the ability to perform successfully under the terms and conditions of the contract.
- D. **No Evasion.** No contract may be divided to bring the cost under bid thresholds or to evade any requirements under this Policy or state and federal law.

## FINANCIAL POLICIES (continued)

- E. **Contract Requirements.** All contracts paid for in whole or in part with federal funds shall be in writing. The written contract must include or incorporate by reference the provisions required under 2 C.F.R § 200.326 and as provided for under 2 C.F.R. Part 200, Appendix II.
- F. **Contractors' Conflict of Interest.** Designers, suppliers, and contractors that assist in the development or drafting of specifications, requirements, statements of work, invitation for bids or requests for proposals shall be excluded from competing for such requirements.
- G. **Approval and Modification.** The administrative procedures contained in this Policy are administrative and may be changed as necessary at the staff level to comply with state and federal law.

### III. General Procurement Standards and Procedures:

The Johnson County department or office conducting the procurement (the "Procuring Agency") shall procure all contracts in accordance with the requirements of this Section of the Policy.

- A. **Necessity.** Purchases must be necessary to perform the scope of work and must avoid acquisition of unnecessary or duplicative items. The Procuring Agency should check with the federal surplus property agency prior to buying new items when feasible and less expensive. Strategic sourcing should be considered with other departments, agencies and/or offices who have similar needs to consolidate procurements and services to obtain better pricing.
- B. **Clear Specifications.** All solicitations must incorporate a clear and accurate description of the technical requirements for the materials, products, or services to be procured, and shall include all other requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals. Technical requirements must not contain features that restrict competition.
- C. **Notice of Federal Funding.** All bid solicitations must acknowledge the use of federal funding for the contract. In addition, all prospective bidders or offerors must acknowledge that funding is contingent upon compliance with all terms and conditions of the funding award.
- D. **Compliance by Contractors.** All solicitations shall inform prospective contractors that they must comply with all applicable federal laws, regulations, executive orders, and terms and conditions of the funding award.

## FINANCIAL POLICIES (continued)

- E. Fixed Price.** Solicitations must state that bidders shall submit bids on a fixed price basis and that the contract shall be awarded on this basis unless otherwise provided for in this Policy. Cost plus percentage of cost contracts are prohibited. Time and materials contracts are prohibited in most circumstances. Time and materials contracts will not be used unless no other form of contract is suitable and the contract includes a “Not to Exceed” amount. A time and materials contract shall not be awarded without express written permission of the federal agency or state pass-through agency that awarded the funds.
- F. Use of Brand Names.** When possible, performance or functional specifications are preferred to allow for more competition leaving the determination of how to reach the required result to the contractor. Brand names may be used only when it is impractical or uneconomical to write a clear and accurate description of the requirement(s). When a brand name is listed, it is used as reference only and “or equal” must be included in the description.
- G. Lease versus Purchase.** Under certain circumstances, it may be necessary to perform an analysis of lease versus purchase alternatives to determine the most economical approach.
- H. Dividing Contract for M/WBE Participation.** If economically feasible, procurements may be divided into smaller components to allow maximum participation of small and minority businesses and women business enterprises. The procurement cannot be divided to bring the cost under bid thresholds or to evade any requirements under this Policy.
- I. Documentation.** Documentation must be maintained by the Procuring Agency detailing the history of all procurements under this Policy. The documentation should include the procurement method used, contract type, basis for contractor selection, price, sources solicited, public notices, cost analysis, bid documents, addenda, amendments, contractor’s responsiveness, notice of award, copies of notices to unsuccessful bidders or offerors, record of protests or disputes, bond documents, notice to proceed, purchase order, and contract. All documentation relating to the award of any contract must be made available to the granting agency upon request.
- J. Cost Estimate.** For all procurements costing \$250,000 or more, the Procuring Agency shall develop an estimate of the cost of the procurement prior to soliciting bids. Cost estimates may be developed by reviewing prior contract costs, online review of similar products or services, or other means by which a good faith cost estimate may be obtained. Cost estimates for construction and repair contracts may be developed by the project designer.
- K. Contract Requirements.** The Procuring Agency must prepare or ensure any resulting written contract incorporates the provisions referenced in Section II.C of this Policy.



## FINANCIAL POLICIES (continued)

- L. Debarment.** No contract shall be awarded to a contractor included on the federally debarred bidder's list.
- M. Contractor Oversight.** The Procuring Agency receiving the federal funding must maintain oversight of the contract to ensure that contractor is performing in accordance with the contract terms, conditions, and specifications.
- N. Open Competition.** Solicitations shall be prepared in a way to be fair and provide open competition. The procurement process shall not restrict competition by imposing unreasonable requirements on bidders, including but not limited to unnecessary supplier experience, excessive or unnecessary bonding, specifying a brand name without allowing for "or equal" products, or other unnecessary requirements that have the effect of restricting competition.
- O. Geographic Preference.** No contract shall be awarded on the basis of a geographic preference.

### IV. Specific Procurement Procedures

Procuring Agency shall solicit bids in accordance with the requirements under this Section of the Policy based on the type and cost of the contract.

- A. Service Contracts** (except for A/E professional services) and **Purchase Contracts costing less than \$10,000** shall be procured using the Uniform Guidance "micro-purchase" procedure (2 C.F.R. § 200.320(a)) as follows:
  - 1. The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
  - 2. To the extent practicable, purchases must be distributed among qualified suppliers.
- B. Service Contracts** (except for A/E professional services) and **Purchase Contracts costing \$10,000 up to \$90,000** shall be procured using the Uniform Guidance "small purchase" procedure (2 C.F.R. § 200.320(b)) as follows:
  - 1. Obtain price or rate quotes from an "adequate number" of qualified sources (a federal grantor agency might issue guidance interpreting "adequate number," so the Requesting Department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).
  - 2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
  - 3. Cost or price analysis is not required prior to soliciting bids.
  - 4. Award the contract on a fixed-price basis (a not-to-exceed basis is permissible for service contracts where obtaining a fixed price is not feasible).
  - 5. Award the contract to the lowest responsive, responsible bidder.



## FINANCIAL POLICIES (continued)

**C. Service Contracts** (except for A/E professional services) and **Purchase Contracts costing \$90,000 and above** shall be procured using the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) as follows:

1. Cost or price analysis is required prior to soliciting bids.
2. Complete specifications or purchase description must be made available to all bidders.
3. The bid must be formally advertised in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
4. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
5. Open bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
6. Award the contract to the lowest responsive, responsible bidder on a fixed-price basis. Governing board approval is required for purchase contracts unless the governing board has delegated award authority to an individual official or employee. Any and all bids may be rejected only for “sound documented reasons.”

**D. Service Contracts** (except for A/E professional services) **costing \$250,000 and above** may be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)) when the “sealed bid” procedure is not appropriate for the particular type of service being sought. The procedures are as follows:

1. A Request for Proposals (RFP) must be publicly advertised. Formal advertisement in a newspaper is not required so long as the method of advertisement will solicit proposals from an “adequate number” of qualified firms.
2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
3. Identify evaluation criteria and relative importance of each criteria (criteria weight) in the RFP.
4. Consider all responses to the publicized RFP to the maximum extent practical.
5. Must have a written method for conducting technical evaluations of proposals and selecting the winning firm.
6. Award the contract to the responsible firm with most advantageous proposal taking into account price and other factors identified in the RFP. Governing board approval is not required.
7. Award the contract on a fixed-price or cost-reimbursement basis.

## FINANCIAL POLICIES (continued)

**E. Construction and repair contracts costing less than \$10,000** shall be procured using the Uniform Guidance “micro-purchase” procedure (2 C.F.R. § 200.320(a)) as follows:

1. The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
2. To the extent practicable, contracts must be distributed among qualified suppliers.

**F. Construction and repair contracts costing \$10,000 up to \$250,000** shall be procured using the Uniform Guidance “small purchase” procedure (2 C.F.R. § 200.320(b)) as follows:

1. Obtain price or rate quotes from an “adequate number” of qualified sources (a federal grantor agency might issue guidance interpreting “adequate number,” so the requesting department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).
2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
3. Cost or price analysis is not required prior to soliciting bids, although price estimates may be provided by the project designer.
4. Award the contract on a fixed-price or not-to-exceed basis.
5. Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required.

Caution: building or construction work, excluding road construction, must also comply with Iowa’s public bidding laws. Please ensure that all public improvement projects are executed in accordance with Iowa Code Chapter 26 and any Johnson County capital projects guide or equivalent policy document, if adopted, subject to Section II.B above.

**G. Construction and repair contracts costing \$250,000 up to \$500,000** shall be procured using the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) as follows:

1. Cost or price analysis is required prior to soliciting bids (this cost estimate may be provided by the project designer).
2. Complete specifications must be made available to all bidders.
3. Publically advertise the bid solicitation for a period of time sufficient to give bidders notice of opportunity to submit bids (formal advertisement in a newspaper is not required so long as other means of advertising will provide sufficient notice of the opportunity to bid). The advertisement must state the date, time, and location of the public bid opening, and indicate where specifications may be obtained.
4. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
5. Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
6. A 5% bid bond is required of all bidders. Performance and payment bonds of 100% of the contract price is required of the winning bidder.

## FINANCIAL POLICIES (continued)

7. Award the contract on a firm fixed-price basis.
8. Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required. Any and all bids may be rejected only for “sound documented reasons.”

Caution: building or construction work, excluding road construction, must also comply with Iowa’s public bidding laws. Please ensure that all public improvement projects are executed in accordance with Iowa Code Chapter 26 and any Johnson County capital projects guide or equivalent policy document, if adopted, subject to Section II.B above.

**H. Construction and repair contracts costing \$500,000 and above** shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) as follows:

1. Cost or price analysis is required prior to soliciting bids (this cost estimate should be provided by the project designer).
2. Complete specifications must be made available to all bidders.
3. Formally advertise the bid in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
4. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
5. Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed and in paper form. A minimum of 3 bids must be received in order to open all bids.
6. A 5% bid bond is required of all bidders (a bid that does not include a bid bond cannot be counted toward the 3-bid minimum requirement). Performance and payment bonds of 100% of the contract price is required of the winning bidder.
7. Award the contract on a firm fixed-price basis.
8. Award the contract to the lowest responsive, responsible bidder. Governing board approval is required and cannot be delegated. The governing board may reject and all bids only for “sound documented reasons.”

Caution: building or construction work, excluding road construction, must also comply with Iowa’s public bidding laws. Please ensure that all public improvement projects are executed in accordance with Iowa Code Chapter 26 and any Johnson County capital projects guide or equivalent policy document, if adopted, subject to Section II.B above.

**I. Contracts for Architectural and Engineering Services costing under \$250,000** shall be procured in accordance with any Johnson County capital projects guide or equivalent policy document, if adopted, subject to Section II.B above.

## FINANCIAL POLICIES (continued)

- J. **Contracts for Architectural and Engineering Services costing \$250,000 or more** shall be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)(5)) as follows:
1. Publicly advertise a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertisement in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.
  2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
  3. Identify the evaluation criteria and relative importance of each criteria (the criteria weight) in the RFQ.
  4. Proposals must be solicited from an “adequate number of qualified sources” (an individual federal grantor agency may issue guidance interpreting “adequate number”).
  5. Must have a written method for conducting technical evaluations of proposals and selecting the best qualified firm.
  6. Consider all responses to the publicized RFQ to the maximum extent practical.
  7. Evaluate qualifications of respondents to rank respondents and select the most qualified firm. Preference may be given to in-state (but not local) firms provided that granting the preference leaves an appropriate number of qualified firms to compete for the contract given the nature and size of the project.
  8. Price cannot be a factor in the initial selection of the most qualified firm.
  9. Once the most qualified firm is selected, negotiate fair and reasonable compensation. If negotiations are not successfully, repeat negotiations with the second-best qualified firm.
  10. Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.

Caution: Procurements for Architectural and Engineering Services costing \$250,000 or more shall also follow any Johnson County capital projects guide or equivalent policy document, if adopted, subject to Section II.B above.

### V. Exceptions

Non-competitive contracts are allowed **only** under the following conditions and with the written approval of the federal agency or state pass-through agency that awarded the federal funds:

- A. Sole Source.** A contract may be awarded without competitive bidding when the item is available from only one source. The Procuring Agency shall document the justification for and lack of available competition for the item. A sole source contract must be approved by the governing board.
- B. Public Exigency.** A contract may be awarded without competitive bidding when there is a public exigency. A public exigency exists when there is an imminent or actual threat to

## FINANCIAL POLICIES (continued)

public health, safety, and welfare, and the need for the item will not permit the delay resulting from a competitive bidding.

- C. Inadequate Competition.** A contract may be awarded without competitive bidding when competition is determined to be inadequate after attempts to solicit bids from a number of sources as required under this Policy does not result in a qualified winning bidder.
- D. Federal Contract.** A contract may be awarded without competitive bidding when the purchase is made from a federal contract available on the U.S. General Services Administration schedules of contracts.
- E. Awarding Agency Approval.** A contract may be awarded without competitive bidding with the express written authorization of the federal agency or state pass-through agency that awarded the federal funds so long as awarding the contract without competition is consistent with state law.

# FINANCIAL POLICIES (continued)

## Johnson County General Purchasing and Procurement Policy

### Effective Date

This policy shall be effective upon adoption.

### Definitions

“County” refers to Johnson County, including its offices, departments, boards, employees, and agents.

“Board” refers to Johnson County Board of Supervisors

“Department” refers to an office, department, board, commission or agency of the County.

“Department Head” refers to a department head of the County or designee assigned purchasing responsibilities. Designee names shall be communicated to the Board. The Board maintains authority over each Department Head.

“Elected Official” refers to an elected official of Johnson County.

“DHEO” refers to Department Heads and Elected Officials.

“Purchase” is defined as the transmission of public money from the County to another entity by an act or agreement founded upon valuable consideration resulting in the acquisition of any and all supplies, material, equipment, services, or real or personal property for the benefit of the County by any department, and includes any and all articles and supplies which shall be furnished to or used by any department, including any and all printing, periodicals, stationery and the rental, repair and maintenance of equipment and machinery, hardware, software, or intellectual property.

“Procurement” refers to a purchasing process that controls quantity, quality, sourcing, and timing to ensure the best possible total cost of ownership.

“Contract” refers to any written instrument or electronic document containing the elements of offer, acceptance, and consideration to which the County is a party.

“Lease” refers to a contract conveying from an entity to the County the use of real or personal property for a designated period of time in return for payment or other valuable consideration.

“Lease-Purchase” includes, but is not limited to, an arrangement in which title of ownership transfers at or shortly after the end of the lease term.

“Proposal” refers to a price given by a vendor for the supplies, material, equipment and/or services, as described to the vendor, but is not an authorization to ship, or of purchase. Notice to

## FINANCIAL POLICIES (continued)

public of Request for Proposal (RFP) shall follow the best communication and practice for good/service requested.(e.g., web pages, mailings within certain range, industry or organization publications, etc.)

“Bid” refers to a complete proposal, submitted in competition, to execute specified job(s) within a prescribed time, and not exceeding a proposed amount that usually includes labor, equipment, and materials.

“Quotation” refers to an expected, stated price for goods or services given by a vendor, but is not an authorization to ship or of purchase.

### **General**

Johnson County shall conduct all purchasing and procurement transactions in full compliance with Federal and State laws and any applicable Federal and State standards. All purchasing and procurement transactions, either negotiated or competitively bid, and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition and avoid acquisition of unnecessary or duplicative items. Procedures shall be clear and consistent, and maximize the efficiency of payment of purchases. Departments must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

### **Authority**

The Board adopts an annual budget for the County and provides appropriations to the departments. The Board may also adopt budget amendments. The Board empowers Department Heads to make purchasing and procurement decisions within the budgeted line items of the applicable department. Elected Officials have purchasing authority within the capacity of their individual budgets and the scope of statutory duties of their offices. Every County purchase shall be documented on a claim form and presented to the Board prior to the payment. Presentation to the Board shall follow public agenda guidelines and deadlines established by the Clerk to the Board.

Departments shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims.

Nothing in this policy shall be construed to limit statutory authority or duty of the Board of Supervisors or any Johnson County Elected Official, nor shall this policy be construed as limiting the discretion of the Board of Supervisors or Elected Officials in the performance of any act or deed deemed necessary and prudent in the best interest of the public.



## FINANCIAL POLICIES (continued)

### **Local Purchases/Procurement**

Pursuant to Code of Iowa §23A.3 and Johnson County's adopted Buy Local policy, Johnson County shall first consider using locally-owned businesses within the County if cost and other considerations are relatively equal. However, the County reserves the right to purchase items outside of Johnson County if products or services needed are not readily available in Johnson County, or if a product or service can be purchased outside Johnson County at a considerable cost savings. Cost savings may include calculating costs to the County of operating, maintaining or upgrading the purchase over its expected useful or contractual life. Such local preferences shall not apply if prohibited under applicable Federal or state contracting requirements, nor shall such preferences be construed to prevent or prohibit the giving of a preference to businesses owned or operated by minorities or females as may be provided in any other provision of law.

### **Sole-Source Purchasing/Procurement (Non-Competitive)**

All purchasing and procurement transactions shall be conducted in a manner so as to provide, to the maximum extent practical, competition. However, if open and free competition is not used, sole-source justification shall be provided with the purchase. The justification shall include a description of why it was necessary to purchase non-competitively, such as lack of legitimate competitors, time constraints, or other pertinent information.

### **Competitive Bids**

Public notice calling for the submission of bids shall follow the relevant provisions of the Code of Iowa and the Iowa Administrative Code. The County reserves the right to reject bids or make counter offers.

### **Federal Funds** (see also Grant Guidance, below)

Title 2, Part 200 of the Code of Federal Regulations (CFR), effective December 26, 2014, shall be applicable when federal funds are used for purchases with exceptional consideration for the following:

- Title 2, Part 200.212: *Suspension and debarment*. Non-Federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. In particular, Johnson County will check whether a supplier or contractor is suspended or debarred by the federal government before purchasing and/or awarding a contract or subaward. Departments must check the System for Award Management (SAM.gov – previously EPLS) website (<http://www.sam.gov/>) and ensure, where feasible, that contracts for both goods and services include a certification by the vendor that, to the best of its knowledge and belief that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency in accordance with Executive Order 12549 (2/18/86). Departments should document the Suspension and Debarment verification by including a screen print of the Exclusions search in the file.



## FINANCIAL POLICIES (continued)

- Title 2, Part 200.321 (by title): *Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms*. In particular, Johnson County shall take the six (6) affirmative steps provided in Title 2, Part 200.321(b), those being;
  1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
  2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
  3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
  4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
  5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
  6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.
- Title 2 CFR Part 200 Appendix II (by title)
- The Johnson County, Iowa Procurement Policy for Federal Grant and Loan Award Funds adopted June 27, 2019 (“Johnson County Federal Procurement Policy”)

### **Fraud Reporting**

Johnson County departments, offices, and/or employees are required to disclose, in writing and in a timely manner, all violations of federal criminal law involving fraud, bribery, or gratuity potentially affecting a federal award. This requirement applies to violations involving Johnson County, its employees, and any sub-recipients of a federal grant. If a Johnson County department, office, or employee learns of a violation of federal criminal law involving fraud, bribery, or gratuity potentially affecting a federal grant, the department or employee must report the violation to the Johnson County Grants Coordinator, (319) 356-6000. Reportable violations include not only those violations concerning Johnson County or its employees, but also include violations relating to sub-recipients of award monies. The Johnson County Grants Coordinator is responsible for reporting the violation to the relevant federal agency in writing and in a timely manner.

Johnson County shall disclose such reported violations to the Federal awarding agency or pass-through entity in writing, in compliance with Uniform Grant Guidance, in Title 2 Code of Federal Regulation (C.F.R.) Grants and Agreements, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and shall report certain civil, criminal, or administrative proceedings to SAM where the award includes the term and condition outlined in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters. Failure to make required disclosures can result in any of the remedies described in §200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)

## FINANCIAL POLICIES (continued)

### **Code of Conduct**

No elected officer, employee, or agent of Johnson County shall participate in the selection, award, or administration of a contract supported by federal grant funds, if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- a. The employee, officer, or agent;
- b. Any member of his/her immediate family;
- c. Their partner; or
- d. An organization which employs, or is about to employ any of the above;

has a financial or other interest in the firm selected for award.

Johnson County's officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or subcontractors.

These standards shall supplement, and be implemented in harmony with, existing conflict of interest and gift policies applicable to County officers and employees under the Johnson County Employee Handbook (as amended), 2 CFR 200.318(c), Code of Iowa Chapter 68B, and Code of Iowa §331.342 and §314.2. The disclosure requirements and discipline provisions of the Johnson County Employee Handbook applicable to conflicts of interest shall apply to circumstances implicated by this Code of Conduct.

As permitted by 2 CFR 200.318(c)(1), those contracts and situations described in Code of Iowa § 331.342(2), shall not be deemed conflicts of interest requiring disclosure and/or discipline.

### **Loans**

Should the County enter into a loan agreement to borrow money for a public purpose, the County shall follow Code of Iowa §331.402 and all other applicable Code sections.

### **Essential County Purpose Bond or General County Purchase Bond**

The County shall follow Code of Iowa §331.441 and all other applicable Code sections, as well as the advice of bond counsel.

### **Horizontal and Vertical Construction, Reconstruction, or Improvement projects (**

Code of Iowa §314.1B established horizontal and vertical bid thresholds for County public improvement projects, and shall be followed for each project. This applies to construction, reconstruction, and improvement projects. Repair or maintenance projects are not subject to the thresholds. Repair or maintenance projects are defined in Iowa Administrative Code 761—180.3(314), and shall be followed for each project. Current bid and quote thresholds available at [iowadot.gov/local\\_systems/publications/bid\\_limits.htm](http://iowadot.gov/local_systems/publications/bid_limits.htm).

If the estimated total cost of a public improvement project (excluding architectural, landscape architectural, or engineering design services and inspection as defined in Code of Iowa §26.2) is between \$103,000 - \$139,000, and not subject to the Johnson County Federal Procurement Policy, will follow a competitive quotation process. If the estimated total cost of a public

## FINANCIAL POLICIES (continued)

improvement exceeds \$139,000 based on the licensed Engineer/Architectural report, the County shall follow the competitive bidding process as described in Code of Iowa Chapter 26, including the prohibition of local prequalification requirements contained in Code of Iowa § 26.16 for public improvements for which competitive bids are required by Chapter 26.

### **Contract Purchases**

Contract purchases, including recurring contracts, shall be pre-approved by the Board. Each Department/Office is responsible for developing and managing its own contracts, and finalizing the specifications and standards expected from the vendor. These standards should be such that the contract performance can be measured. The Board and/or the applicable Department Head or Elected Official may request review by the County Attorney's Office of a new contract for a good or a service, and for recurring contracts if any changes occur. An officer or employee of the County shall not have an interest, direct or indirect, in a County contract as defined in Code of Iowa §331.342.

### **Grant Guidance**

As a recipient and sub-recipient of State and Federal grant dollars, Johnson County shall follow all applicable State procurement requirements and the Johnson County Federal Procurement Policy. Johnson County shall also follow the appropriate federal guidelines issued by the United States Office of Management and Budget (OMB) and the Code of Federal Regulations (CFR), including but not limited to OMB Circular A-102, OMB Circular A-110, 44 CFR Part 13, and 28 CFR Part 66. Johnson County shall follow OMB Circular A-133 Subpart C.300 to comply with auditee responsibilities. If applicable, Johnson County shall follow OMB Circular A-87 (relocated to 2 CFR Part 225) for cost principle standards. Any contracts awarded shall comply with 2 CFR 200.326 and Appendix II of Part 200.

Notification of receipt of State or Federal grant for a Department/Office shall be acknowledged by the Board in a public meeting. State or Federal grant monies which flow through Johnson County accounts shall have unique, identifiable accounting codes established by the Auditor's office. Receipt of property purchased with grant monies shall be used for the purpose intended. Johnson County or the applicable DHEO will be held accountable for the equipment. The DHEO shall have a control system in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Departments are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

The recipient shall be responsible for proper maintenance and maintain appropriate inventory tracking to assist with financial reporting, and records sufficient to detail the significant history of procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Property purchased with State or Federal grant dollars will be subject to physical inventory verification conducted annually by the Auditor's office and/or the Finance department.

## FINANCIAL POLICIES (continued)

For programs and projects supported by State CDBG funding, Departments will procure items with recycled content following the requirements of Code of Iowa chapter 8A.315-317 and Iowa Administrative Code chapter 11-117.6(5) — Recycled Product and Content. If bids or proposals are solicited, Departments shall include all request for proposals and bid documents the following language:

“The contractor agrees to comply with all the requirements of Code of Iowa chapter 8A.315-317 and Iowa Administrative Code chapter 11-117.6(5) — Recycled Product and Content.”

### **Emergency Purchases**

Emergency purchases may be made by a DHEO following verbal approval of a Board member, if said purchase falls within the limits of this Policy. What constitutes an emergency is at the discretion of the Board, in consultation with the applicable DHEO. When a purchase is to be paid for or reimbursed, directly or indirectly, from Federal funds, noncompetitive procurements may be allowed when it is determined that immediate actions required to address the public exigency or emergency cannot be delayed by a competitive solicitation. However, DHEOs must document their justification for using noncompetitive procurements, must still comply with other procurement requirements, and shall ensure that costs are reasonable. In the case of an exigency, there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the County, and use of competitive procurement proposals would prevent the urgent action required to address the situation. In the case of an emergency, a threat to life, public health or safety, or improved property requires immediate action to alleviate the threat.

In the event the Board of Supervisors has declared a disaster or public health emergency disaster, the implementation of the County's debarment policy may be expressly suspended during this emergency period but for no longer than sixty (60) days. If at all possible, Departments should consult with any applicable Federal agencies prior to the effective date of such planned suspension as not all Federal agencies may honor a suspension of the County's Debarment Policy.

Emergency purchases paid for or reimbursed, directly or indirectly, from Federal funds, shall still (all of which are applicable to County procurements under non-exigent circumstances when the County is making a procurement as a recipient and sub-recipient of Federal grant dollars):

- Include the required contract clauses (2 C.F.R. § 200.326 & Appendix II);
- Include the Federal bonding requirements if the contract is for construction or facility improvement and the contract exceeds the Federal simplified acquisition threshold (2 C.F.R. § 200.325) or else receive a determination that the federal interest is adequately protected;
- Be awarded to a responsible contractor (2 C.F.R. § 200.318(h));
- Be predicated on a cost or price analysis to determine that the cost or price of the contract is fair and reasonable if the contract exceeds or is expected to exceed the Federal simplified acquisition threshold (2 C.F.R. § 200.323(a) and (b));
- Not use the cost-plus-percentage-of-cost contracting (2 C.F.R. § 200.323(c));
- Comply with 2 C.F.R. § 200.318(j) if time and materials basis is used;

## FINANCIAL POLICIES (continued)

- Follow documentation, oversight, and conflict of interest requirements among other general procurement requirements in 2 C.F.R. § 200.318. If a conflict of interest is unavoidable due to the exigent/emergency circumstances, the County must explain that in the procurement documentation.

Use of the public exigency or emergency exception is only permissible during the actual exigent or emergency circumstances. Work performed under noncompetitively procured contracts shall specifically related to the exigent or emergency circumstance in effect at the time of procurement. DHEOs should, upon the County's award of a noncompetitive contract, immediately begin the process of competitively procuring similar goods and services, if warranted, in order to transition to the competitively procured contracts as soon as the exigent or emergency circumstances cease to exist.

## FINANCIAL POLICIES (continued)

### **Procedure by Price Threshold** (unless otherwise established by the Code of Iowa)

#### *Thresholds for Purchase*

Less than \$5,000 principal amount: Regular claim process

Between \$5,000 - \$25,000 principal amount that was anticipated/acknowledged during the budget process: Regular claim process

Between \$5,000 - \$25,000 principal amount that was not anticipated/acknowledged during the budget process: (i) Elected Officials should seek acknowledgement prior to purchase by the Board at a public meeting; (ii) Department Heads must obtain approval prior to purchase by the Board at a public meeting

Greater than \$25,000 principal amount: use Request for Proposal or minimum of two (2) written/email quotations

#### *Thresholds for Lease or Lease-Purchase Contract Requirements*

Principal amount less than \$25,000 for real or personal property:

- (i) if New – place on Board work session agenda;
- (ii) if Recurring – place on Board informal meeting agenda

Principal amount between \$25,000 - \$800,000 for real or personal property

- (i) Place on Board agenda as a public hearing
- (ii) Follow provisions of Code of Iowa §331.443: (a) publish Public Notice of proposed action including statement of purpose and amount, (b) Follow Public Notice publication deadlines as defined by Code of Iowa §331.305 (published no less than 4 days, no more than 20 days prior to public hearing); (c) ensure the Public Notice meets the requirements of Code of Iowa §618.14

Principal amount over \$800,000 for real or personal property

- (i) Place on Board agenda as a public hearing
- (ii) Follow the provisions Code of Iowa §331.305: (a) follow Public Notice publication deadlines as defined by Code of Iowa §331.305 (published no less than 10 days prior to discussion meeting, notice of public meeting), (b) ensure the Public Notice meets the requirements of Code of Iowa §618.14, (c) include in the published Public Notice the statement of purpose, proposed action, amount, time and place of the meeting, and the right of citizens to petition for an election, (d) after 30 days, the Board shall hold a public meeting to enter into the lease or lease-purchase contract if no petition for election is received

The preparation and timely legal publication of public notices are the responsibility of the department requesting the purchase/contract. It is the responsibility of the department to place items on an agenda of the Board of Supervisors.

## FINANCIAL POLICIES (continued)

### Process

For purchases made on a Johnson County account, upon receipt of shipment the DHEO shall examine the shipping document/invoice and ensure that all items have been received and are not damaged. Correction of discrepancies or replacement of damaged items is the responsibility of the Department or Office. If the invoice amount is different than the quotation/bid received, it is up to the department to investigate and determine if the billed price is correct and appropriate. The department or office shall segregate duties so that the person procuring the item/asset is not the same person who records the transaction in the accounting and physical inventory records. Once shipment has been verified, the invoice and accompanying documentation shall be attached to a claim form, signed by the applicable DHEO or designee, and submitted to the County Auditor for payment.

Bids submitted in compliance with Code of Iowa §331.301, §331.341 and §384.94 –384.103 shall be submitted to the County Auditor's office for opening at a public Board meeting. "Notice to Bidders" shall be pursuant to Code of Iowa §26.7.

### Exemptions

The following items shall be exempted from the Purchasing and Procurement Policy. This list is not necessarily all inclusive and shall be amended as necessary.

- Wages
- Employee Benefits
- Utility Payments for the County
- County Boards' Compensation
- Payments made on behalf of General Assistance recipients
- Rent –Buildings and Land
- Judgments, Damages and Settlements
- Fuel –Secondary Roads
- Annual Publication of Delinquent Tax List –Treasurer
- Debt/Lease payments



## FINANCIAL POLICIES (continued)

### Claims Processing Procedures

All claims must be for reasonable and necessary items which meet the requirements of public purpose. The public purpose shall be documented on the claim if not readily apparent. The responsibilities of the Board of Supervisors and the Auditor regarding claims are provided and described in the Code of Iowa §331.401 and §331.504, respectively. The Auditor's office has the statutory responsibility of processing claims submitted for payment and presenting an itemized list to the Board for approval; procedures are as follows:

#### *Timetable*

- For each fiscal year, the Auditor's office shall define a bi-weekly payment schedule
- Claims shall be submitted by the deadlines defined in the bi-weekly payment schedule
- Claims are due by 3:00 pm on the due date
- Any late fees incurred for tardy submissions are the responsibility of the submitting department
- Every claim will be file-stamped as received

#### *Process*

- Every claim shall be signed by the responsible DHEO or designee
- Employee claims for reimbursement must be signed by the employee and the responsible DHEO
- Detailed invoices shall be attached to each claim
- The code/line item shall be verified for correctness by the Auditor's office using the Uniform Chart of Accounts for Iowa County Governments
- All purchases will be compared and verified against the approved budget
- The Auditor's office will remove taxes, check for duplication, verify remit-to address, verify compliance with policies, and discuss any necessary changes with the submitting department
- Claims/payments that contain confidential HIPPA information shall be returned to the appropriate department once entered for payment
- Purchases and/or agreements that extend beyond one fiscal year require Board approval
- If there is a disputed charge, prior to submission of the claim, the submitting department is responsible for contacting the vendor to verify the situation. This includes credit card purchases. If the dispute results in late fees or other collection situations, the submitting department shall be responsible for resolution and payments (if any)

#### *Non-conforming submissions*

- Claims not conforming to this Purchasing Policy shall be questioned and discussed with the submitting department, including, but not limited to, claims which require Board approval prior to payment and claims lacking sufficient documentation
- Any non-conforming claim may be highlighted on the claims list presented to the Board for approval along with documentation detailing its non-conformance
- Any non-conforming claim may be selected for further inquiry as part of the County's annual audit Thresholds for Physical Inventory and Capital Assets



## **FINANCIAL POLICIES (continued)**

- If an item exceeds \$500.00, an inventory card shall be created for addition to the inventory list
- If an item exceeds \$5,000.00, it shall be added to the capital asset list and depreciated, and an inventory card shall be created for addition to the inventory list

# FINANCIAL POLICIES (continued)

## JOHNSON COUNTY, IOWA: COUNTY-OWNED PROPERTY DISPOSAL POLICY

### POLICY:

It is the policy of Johnson County to dispose of County owned personal property that is no longer deemed usable by the acquiring department by awarding the asset to the highest responsible bidder at public auction, both in person and online, or through resale services or consignment sale, or by realizing fair value via a trade-in process when the asset being replaced is negotiated for value with a dealer of that asset type, or donating the property to a qualified public service agency or governmental body within Johnson County, or transferred to another county department who will then utilize the transferred asset, or be sold for current fair salvage value if appropriate, or discarded as refuse if no other options for re-use are available.

When multiple methods of disposal are available to a department or office, their choice should be guided by returning maximum value and utility to the County or to a qualified public service agency or other local government recipient. Minimizing environmental impact should also be considered in the decision making process. In the absence of a clear option, the Board of Supervisors are available to give a recommendation as to their preferred disposal method, if desired.

### SCOPE:

This policy is applicable to all elected officials, offices, and departments within Johnson County. This policy covers only personal property and specifically excludes real estate assets and any associated fixtures (fixed assets) of the County. Personal property includes equipment, vehicles, and items such as personal computers, desks, chairs, unattached shelving, and any other similar assets not attached to real estate.

This policy is intended to serve as a guide for elected officials and department heads in the proper procedures to follow when disposing of county assets within their respective departments.

### PROCEDURES:

#### 1. PUBLIC AUCTION & RESALE:

Personal property may be sold at public auction by lot or individually as is practical. Local consignment at private auction houses or through an online auction services, such as E-Bay are acceptable options as long as the auction service has been deemed as a reliable and a fair dealing business. Selling to the general public through resale portals such as Craigslist is an acceptable practice when fair value of the asset is known and the net return of value to the County would be higher than what would be expected from a traditional auction process.

## FINANCIAL POLICIES (continued)

### 2. TRADE-INS:

County departments choosing to replace unneeded personal property and utilize the property for a trade-in allowance on the replacement property transaction are expected to have an understanding of the fair value of the asset and so as to maximize the return of value to the County. Past sales transaction history, NADA values and similar sources should be utilized to ensure a fair trade-in value is negotiated with any vendor.

### 3. TRANSFERS:

Transfers of assets between county departments is an allowable action and is encouraged when a different department can utilize the asset being considered for disposal. Lesser valued and consumable assets that may have usefulness can be offered up to all county departments and offices via the County's Surplus Store and are available on a first-come, first-served basis.

### 4. DONATIONS:

Transfers of County assets to qualified public service, nonprofit and charitable agencies and other local governmental bodies within Johnson County is an allowable disposal method of unneeded or surplus assets of the County. Due diligence should be taken to ensure that the agency receiving the donated assets are indeed a qualified public charity, as gifts to private entities and foundations are prohibited by the Iowa Constitution.

### 5. SALVAGE:

Assets with salvage value (certain metal scrap, etc.) should be considered for sale to local salvage businesses which will return value back to the County while also minimizing the impact on the environment by reducing the amount of refuse ultimately discarded. All prospective salvage businesses should be requested to submit a competitive quote when a department is ready to dispose of a material amount of salvage. The quoted prices for salvage material should not be the only factor considered when making this business decision as some salvage vendors may require the County to load and transport the material which is a cost to the County that would reduce the return of value accordingly.

### 6. DISPOSAL OF PROPERTY HAVING NO VALUE:

Assets determined by their respective department or office to have no value and that cannot be salvaged or reused should be disposed of in an appropriate and responsible manner (landfill or other authorized destruction processing site). Care should be taken to ensure hazardous materials associated with the assets being disposed of are considered and that proper disposal measures are implemented.

## FINANCIAL POLICIES (continued)

### POST-DISPOSAL REPORTING:

Any disposals that result in a receipt of money to the County should be properly documented when the sales proceeds are deposited with the County Treasurer. Include an original or a copy of the sales transaction receipt and a detailed listing of the assets that were sold in the disposal process.

Assets with an original value of \$5,000 or greater that are disposed of in any manner as described in this policy, must be reported back to the Finance department through the submission of a completed CAPITAL ASSET INFORMATION SHEET (see attached form). The Transfer reporting section on the form is for interdepartmental county transfers only. All other disposal types should be reported under the Disposal section including purchaser, recipient, date and any proceeds from a sales or salvage transactions.

Assets that are disposed of or transferred out that fall below the \$5,000 reporting threshold should be removed from your departmental assets inventory list that are updated annually at fiscal year-end. Acquired assets via interdepartmental transfer should be added to the new department assets inventory list annually during this same reporting process.

# FINANCIAL POLICIES (continued)

## CAPITAL ASSET INFORMATION SHEET FOR COUNTY-OWNED ITEMS COSTING \$5,000 OR MORE

DEPARTMENT \_\_\_\_\_ DATE \_\_\_\_\_

ASSET ID NUMBER \_\_\_\_\_ INVENTORY TAG \_\_\_\_\_  
(NEW ASSET ID NUMBERS WILL BE ASSIGNED BY FINANCE OFFICE)

DESCRIPTION \_\_\_\_\_

**ADDITION or CHANGE** (Please attach copies of invoices for all additions)

Purchase Date _____	Received Date _____
Amount Paid _____	<input type="checkbox"/> Equipment <input type="checkbox"/> Equipment - Vehicle <input type="checkbox"/> Equipment - Mobile <input type="checkbox"/> Equipment - Computer <input type="checkbox"/> Equipment - Software <input type="checkbox"/> Land <input type="checkbox"/> Building <input type="checkbox"/> Improvement <input type="checkbox"/> Infrastructure
Replacement Value _____	
Asset ID of Trade-In _____	
Estimated Useful Life (in years) _____	
Claim Number _____	
General Ledger Account(s) _____	Vehicle Information:
	Year _____
Vendor _____	Plate # _____
Manufacturer _____	Vehicle # _____
Model _____	Gas Card # _____
Serial Number/VIN _____	Odometer _____
Building and Room _____	

**TRANSFER**

New Department _____	New Tag _____
New Building and Room _____	

**DISPOSAL**

Date _____	Method _____	Proceeds _____
Signature authorizing disposal _____		

Finance Office Use Only: Date Entered \_\_\_\_\_ In Use Date \_\_\_\_\_ Entered by (Initials) \_\_\_\_\_