

Approved: March 17, 2026

Resolution No. 26-389

1. **PURPOSE:** The purpose of this policy is to establish clear direction with respect to financial planning and management, to set general financial parameters for budget preparation, and to promote overall fiscal integrity.
2. **AUTHORITY:**
  - 2.1 Authority to establish rules and regulations in reference to the management of the interest and business concerns of the county is vested with the Gratiot County Board of Commissioners (MCL 46.11(m)).
  - 2.2 The Uniform Budgeting and Accounting Act provides for the formulation and establishment of uniform charts of accounts and reports in local units of government (MCL 141.421 *et seq.*).
3. **APPLICATION:** This policy applies to all County elected officials, departments and agencies of Gratiot County.
4. **RESPONSIBILITY:** The County Administrator shall be responsible for the implementation and administration of this policy.
5. **DEFINITIONS:**
  - 5.1 “*Generally accepted accounting principles (GAAP)*” are a set of accounting rules, standards, and procedures issued and frequently revised by the Financial Accounting Standards Board and the Government Accounting Standards Board.
  - 5.2 “*Government Accounting Standards Board (GASB)*” is the source of generally accepted accounting principles used by state and local governments in the United States. The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.
6. **POLICY:**
  - 6.1 General Policy. Gratiot County will operate in compliance with all applicable federal and state laws governing county finances in such a way as to assure citizens that county government is well maintained by utilizing prudent and modern financial management practices and maintaining a sound fiscal position.
  - 6.2 Accounting. The County shall maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principles (GAAP) for governmental entities as promulgated by the Government Accounting Standards Board (GASB).

- 6.2.1 A computerized accounting system shall maintain records on a basis consistent with accepted standards for local units of government according to the Government Accounting Standards Board (GASB).
- 6.2.2 The Finance Director will issue a chart of accounts and update it as necessary. The chart of accounts will include fund numbers, business units, assets, liability, and equity accounts, revenue object accounts, and expenditure/expense object accounts. The Finance Director will ensure that all significant accounts are analyzed and approved on a quarterly or annual basis as determined necessary. The significant accounts include but are not limited to the following.

<u>Account Types</u>	<u>Preparer of Reconciliation</u>	<u>Review</u>
Cash	Accounts Payable Clerk	Finance Director
Receivables	Treasurer / Finance Director	Finance Director
Fixed Assets	Deputy Administrator	Finance Director
Accounts Payable	Accounts Payable Clerk	Finance Director
Accrued Expenditures	Treasurer	Finance Director
Equity	Administrator	Finance Director
Federal Grants	Deputy Administrator	Finance Director
Due To/From Other Funds	Finance Director	Administrator
Transfers In/Out	Finance Director	Administrator
Budget to Actual Revenues and Expenditures	Administrator	Finance Director

- 6.2.3 All journal entries shall be submitted to the Treasurer or Finance Director to be included in the general ledger. Journal entries shall be in proper form and include an appropriate description explaining the nature and purpose of the entry. All journal entries shall be signed by the elected official/department head or designated person and shall be reviewed and approved by the County Administrator or the Administrator’s designee.
- 6.2.4 A summary of all fund activities, with comparison to budget, will be prepared and distributed to the Board of Commissioners upon request.
- 6.2.5 The Finance Director, under the general direction of the County Administrator, shall ensure all year-end financial adjustments and financial statements are accurately completed in a timely manner and year-end financial statements, including foot note disclosures, are prepared in accordance with GAAP. Statements will be provided to the Board of Commissioners for approval and filed with the appropriate state and federal agencies. The Finance Director will maintain a checklist of all of the year-end adjustments that are typically necessary. The Finance Director and County Administrator will also maintain a checklist of areas to review on a monthly or quarterly basis to ensure financial statement information can be timely prepared. Deadlines for various account reconciliations will be determined by the County Administrator. The Finance Director will be responsible for checking progress of the reconciliations to ensure reconciliations, and the necessary review and approval process has taken place. Review of reconciliations will be presented to the appropriate reviewer, and the reviewer will sign off on the reconciliation noting their approval. Annual financial statements will be prepared by an independent auditing firm based on the general ledger, trial balance and supporting documentation provided to them. The County Administrator and Finance Director will

review a draft of the financial statements and meet with the independent auditing firm for clarification on any areas of discrepancy. The Finance Director will receive proper training through external sources to ensure awareness of GAAP requirements. The Finance Director will seek external verification with a GAAP expert for matters unfamiliar to him/her.

6.3 Revenue Policy.

6.3.1 The County will try to maintain a diversified, stable revenue system for protection from short-term fluctuations in any one revenue source. The Administrator's Office will estimate annual revenues through objective and analytical processes. Each existing and potential revenue source will be examined annually with the respective budget administrators to determine defensible estimates.

6.3.2 The County will establish all user charges and fees at a level related to the cost of providing those services as permitted by statute or ordinance. Each year the County will recalculate the full cost of activities supported by user fees to identify the impact of inflation and other costs. The Administrator's Office will present recommended user fees for review by the Board of Commissioners. The Board will set fees and user fees for each Enterprise Fund at a level that fully supports the total direct and indirect cost of the activity, including the cost of annual depreciation of capital assets where possible. The Board will set fees for other user activities such as recreational services at a level to support the direct and indirect cost of the activity where possible.

6.4 Expenditure Policy.

6.4.1 The Administrator's Office will estimate the County's annual expenditures by an objective, analytical process in accordance with the Uniform Budgeting and Accounting Act. Each existing and potential expenditure will be examined annually to determine if it is necessary and reasonable.

6.4.2 Purchases for operating expenses and capital improvements will be made in accordance with Board of Commissioners adopted policies.

6.5 Audit. The County shall obtain an annual audit of its financial records, accounts, and procedures (MCL 141.425(2)). Copies of the annual audit will be maintained for public inspection in the office of the County Administrator.

7. **ADMINISTRATIVE PROCEDURES**: The County Administrator shall be responsible for the development, revision, and implementation of any associated administrative procedures not already stated in this policy.

8. **ADMINISTRATOR AND LEGAL COUNSEL REVIEW**: The County Administrator shall approve all new and amended policies as to substance. County Counsel shall approve all new and amended policies as to legal content. These approvals shall accompany draft policies and amended policies submitted to the Board of Commissioners for consideration.