

# **ACCOUNTANTS REFERENCE GUIDE**

**Prepared by the State Aid  
ATF (Accounting Task Force)  
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# Table of Contents

Welcome .....	1
State Aid Accounting Manual.....	1
Training.....	1
State Aid Finance (SAF).....	1
Software Vendors.....	2
Funding.....	2
State Aid.....	2
Federal Aid.....	2
Bonding.....	3
State Bonds .....	3
State Aid Bonds .....	3
Local Bonds .....	3
County Tax Levy .....	3
Advances.....	3
Disaster Funding.....	3
State Aid Disaster Funds.....	3
Federal Emergency Management Agency (FEMA).....	4
Constitution, Statutes & Rules.....	4
Constitution.....	4
Statutes.....	4
Rules .....	5
Committees, Conferences & Meetings .....	5
Accounting Task Force .....	5
Minnesota County Highway Accountants Association .....	5
District meetings .....	5
Cost Accounting meetings .....	6
Misc. meetings .....	6
Personnel.....	6
Annual Seasonal Employee Hiring.....	6
Union Clothing Allowance .....	6
Vacation, Sick and Compensatory Time Balances .....	6
Budget.....	7
Data Privacy.....	7
Records Retention.....	7
Construction.....	8
Contracts .....	8
Advertising.....	8
Bid Award.....	8
Contract Paperwork .....	8
Partial and Final Payments.....	8
Debarred contractors.....	9
Dept. of Admin.....	9
MnDOT .....	<b>Error! Bookmark not defined.</b>
Maintenance.....	9
Dust Control.....	10
Spring Road Restrictions .....	10
Road Side Mowing .....	10
Seal Coating, Maintenance Overlays, Etc.....	10

## Table of Contents

General Responsibilities .....	10
Daily.....	10
Processes .....	10
Reconciliations.....	11
Weekly/Bi-Weekly .....	11
Processes .....	11
Reconciliations.....	12
Monthly.....	12
Processes .....	12
Reconciliations.....	12
Reports .....	13
Annual.....	13
Processes .....	13
Reconciliations.....	14
Reports .....	14
Basis of Accounting.....	15
Cash.....	15
Modified Accrual .....	15
Full Accrual .....	16
Audits.....	16
Check List for Contracts .....	16
Links to helpful audit information .....	18
Labor Compliance on Certified Payrolls .....	19
Checking Contractor’s Payrolls .....	19
Internal Operations Manual - Procedures .....	23
Resources .....	23
Website - SAF.....	23
Advance guidelines.....	23
Accounting Manual.....	23
Accounting Task Force .....	23
Apportionment Letters .....	23
Commissioner’s Order .....	23
Contacts.....	23
Accountant name, address and email list .....	23
Accountant & Engineers Maps.....	23
County websites .....	23
Email all MN Highway Accts .....	23
County Info .....	23
Acronyms .....	23
County numbers .....	23
Project number and account number definitions .....	23
Definitions & References.....	23
DCP.....	23
FHWA 536.....	23
Forms & Resolutions .....	23
GASB 34.....	24
MN Hwy Users Tax Distribution.....	24
SAAS Reports.....	24

## Table of Contents

Statutes, Rules & Constitution .....	24
Training Information.....	24
Vendor Payment Information .....	24
Worksheets & Applications .....	24
Website - State Aid for Local Transportation (SALT) .....	24
Misc. Information .....	25
Insurance .....	25
Minnesota Counties Insurance Trust .....	25
Status Maps .....	26
Five Year Plans .....	26
Township Mileage Certification .....	26
Unorganized/Disbanded Townships .....	27
Ditch Systems .....	27
Appendix.....	28
Recording of the Cash Outlay & Reconciliation .....	28
ACS System .....	28
Recording of the Cash Outlay & Reconciliation .....	29
Costrite System .....	29
Receipt Processing & Reconciliation.....	31
Accounts Payable.....	33

## Welcome

Congratulations on your position as the Accountant for the Highway Department! This can be a very challenging position but there are many great resources available to you. Although you will find each county's organizational structure and procedural requirements unique, there are many similarities.

The best approach to getting into the "swing" of this position is to become acquainted with the existing procedures, deadlines, and specific requirements of your position. You may find that the Engineer is not familiar with the full scope of your position. A meeting to establish the expectations and your understanding of the position is beneficial to all in the highway department.

Another resource is your office staff and the Auditor/Treasurer's office. These co-workers can provide you with deadlines and procedures specific to your county. They can also provide an understanding of how things are done and why. Additional resources include your Accounting Task Force Representative, State Aid Finance, your software vendor, and other County Accountants.

The Accountant's Reference Guide is intended to give you an overview of general deadlines and reporting requirements that are common across counties. It will provide information that allows you to ask the right questions, be aware of annual reporting requirements that are specific to your job, get a general understanding of your responsibilities and help you to be successful in your position.

Just remember that there are resources out there that will help you. A great way to spend one of your early days is to visit the State Aid Finance website at [www.dot.state.mn.us/safinance](http://www.dot.state.mn.us/safinance) and spend time looking around; become familiar with the different areas, links, and acronyms.

## State Aid Accounting Manual

The State Aid Accounting Manual provides consistent cost accounting procedures for reporting purposes. The State Aid Finance Office, along with the members of the Accounting Task Force update the Accounting Manual as changes occur or updates are necessary. This manual should be one of your first references as a new Accountant.

## Training

### **State Aid Finance (SAF)**

Training on State Aid processes, accounting procedures and reports is available from SAF. The training topics and schedule are tailored to meet your needs. A member of the SAF team is available to assist you either on site at your county and/or work with you via telephone. Training includes, but is not limited to, annual reports, accounts payable &

receivables, balance sheet accounts, deferred revenues, depreciation, fixed assets, general overview of state aid/cost accounting, inventory, payroll, payments, reconciliations, unallocated costs, and year-end adjustments.

On-site training must be requested on a State Aid Training Request form which is available on the SAF website at [www.dot.state.mn.us/safinance](http://www.dot.state.mn.us/safinance). Once the training is completed a Training Critique (also available on the SAF website) must be completed and emailed to SAF.

### **Software Vendors**

Training is available from your cost accounting software vendor and they can be contacted for further information.

## **Funding**

### **State Aid**

Each county receives an allocation annually for state aid construction and maintenance. State Aid apportionments are made in accordance with formulas established by the Minnesota Constitution, Statutes and Rules. MnDOT uses the Minnesota Highway Users Tax Distribution (HUTD) Fund to allocate funds to the counties and municipalities. Funding sources include motor fuel tax revenue, license fees and motor vehicle sales tax.

The total available is apportioned annually to the counties and municipalities by the Commissioner in the form of a Commissioner's Order in late January. A copy of the Minnesota Highway Users Tax Distribution Fund and the Commissioner's Order may be obtained from the SAF website.

Most counties receive an annual allotment for Regular Construction & Maintenance, Municipal Construction & Maintenance (for cities under 5,000 population), Town Bridges and Township roads. Other funding is allocated on a project basis and includes County Turnback, State Park, Special Town Bridge and Disaster funds.

### **Federal Aid**

An Area Transportation Partnership (ATP) distributes federal funds. The ATP is a committee consisting of County Engineers, MnDOT personnel, and representatives from cities, counties, and townships. There is one ATP for each MnDOT district in the state. There are separate categories for bridges, roads, and enhancement projects. Each ATP distributes federal money in their district differently. In some district's county projects are judged against MnDOT projects. In other districts there is a county road sub target amount that the ATP uses to pick projects. You can consult with your Engineer to determine how federal funds are distributed in your district.

## ***Bonding***

### **State Bonds**

There are different types of bond funds. The State of Minnesota sells bonds that are used by local governments to build bridges, fund safety projects and routes of regional significance and other programs. Bonding is coordinated through the State Aid Office. Projects must qualify for bonding by meeting certain criteria. Bonding is a reimbursable program, so expenditures are billed as costs are paid to the contractor.

### **State Aid Bonds**

Counties may sell State Aid Bonds to expedite construction when they do not have enough available state aid funds. These are bonds sold by the county, but the principal and interest payments are guaranteed by the state. The county generally coordinates the bond sale with a financial advisor. Principal and interest is paid to the county through the county's state aid construction and maintenance accounts. Projects are applied against the bonds through the State Aid Payment request process. Reports for current outstanding bonds can be obtained from the State Aid Accounting System (SAAS). More information regarding the bond process can be obtained from SAF.

### **Local Bonds**

Counties may also sell their own bonds to expedite construction when they do not have enough available state aid funds. These are bonds sold by the county and there is no interaction with the State Aid Office.

### ***County Tax Levy***

The Association of Minnesota Counties (AMC) is a good reference for information on this subject, refer to the link below:

[http://www.mncounties.org/Publications/FYIs/PDF/Property\\_Tax\\_System08.pdf](http://www.mncounties.org/Publications/FYIs/PDF/Property_Tax_System08.pdf)

### ***Advances***

Counties that anticipate exceeding their current available balance may request to advance future years state aid allotments. The State Aid Fund may have funds available in the fund balance to allow counties to advance their future years allocations for projects they want to construct now. The County Engineer, the District State Aid Engineer (DSAE), the State Aid Engineer and SAF annually review what projects are approved for advancing and how much of the fund balance is available. Reports of current advances and advancing procedures can be obtained from the SAAS. More information regarding the advance process can also be obtained from SAF.

### ***Disaster Funding***

#### **State Aid Disaster Funds**

State Aid Disaster Funds are monies available to counties for use in aiding a county that has suffered serious damage to its county state aid highway system from fire, flood,

tornado, or other uncontrollable forces of such proportion that the cost of repairs is beyond the normal resources of the county. Reference State Aid Rules 8820.2100.

## **Federal Emergency Management Agency (FEMA)**

The primary mission of the FEMA is to reduce the loss of life and property and protect the Nation from all hazards, including natural disasters, acts of terrorism, and other man-made disasters, by leading and supporting the Nation in a risk-based, comprehensive emergency management system of preparedness, protection, response, recovery, and mitigation.

Qualifications for FEMA funding vary. When a disaster is declared, FEMA will determine what recovery costs qualify. More information can be obtained from the FEMA website at: <http://www.fema.gov/index.shtm>

## **Constitution, Statutes & Rules**

### ***Constitution***

The Minnesota Constitution, Article 14, provides for the County and Municipal State Aid Systems, the County and Municipal State Aid Funds, the Highway User Tax Distribution Fund and the taxation of motor vehicle and motor fuel. A copy of the constitution can be obtained from the website:

[www.house.leg.state.mn.us/cco/rules/mncon/Article14.htm](http://www.house.leg.state.mn.us/cco/rules/mncon/Article14.htm)

### ***Statutes***

Chapter 162 of the Minnesota Statutes defines the laws for the County and Municipal State Aid Highways by which funds are allocated and distributed to the counties and municipalities. Other statutes relative to the county and are briefly described below. Links to these statutes can be found on the SAF website.

13.591	Public/Private Information for Contract Bids
15.72	Progress Payments/Retainage
160.17	Road Construction Contracts
161.081	Highway User Tax (5%)
163.07	County Highway Engineer (Annual Report Requirement)
174.50	Bridge Bonding
177.42	Prevailing Wage Rate
290.9705	Surety Deposits/Retainage Out state Contractors
298.75	Aggregate Tax
337.1	Prompt Payments to Subcontractors
429.041	Contracts – Council Procedures
471.345	Uniform Contract Law
471.425	Prompt Payment of Local Government Bills



## ***Rules***

Minnesota Rules are promulgated by the Commissioner acting with the advice of a committee selected by County Boards. The committee is composed of nine members from different districts; five of whom can be County Commissioners, and the remaining are County Highway Engineers. Rules have the force and effect of law. A link to the Rules can be found on the SAF website.

## **Committees, Conferences & Meetings**

### ***Accounting Task Force***

The Accounting Task Force (ATF) is a committee responsible for developing and reviewing accounting procedures used by County Highway Accountants to enable compliance with rules, regulations, statutes, and Generally Accepted Accounting Principles (GAAP). The task force works with the SAF office to update the accounting manual and discuss various aspects of the SAF Website to facilitate use by the Accountants. Membership on the task force is voluntary and includes one member and one alternate member from each district, one state auditor and SAF personnel. The terms last two years and the committee generally meet two to four times a year. Each member serves as a resource for information within their district.

### ***Minnesota County Highway Accountants Association***

The Minnesota County Highway Accountants Association is a group of Accountants under the general direction of the Minnesota County Engineers Association. There are three elected officials within the association: President, Vice-President and Secretary/Treasurer, and a planning committee. Each year the association sponsors a conference which is assembled by the planning committee. The location of the conference varies.

The annual conference is an excellent opportunity for all County Highway Accountants to share ideas about important dimensions of their work. It is also an opportunity to be updated on current issues affecting County Highway Departments with presentations from the County Engineer's Association, the SAF office and various software companies. It's a chance to meet with peers, earn Continuing Education Units (CEUs) and discuss issues specifically related to Highway Accountants. All efforts should be made to attend this conference each year.

### ***District meetings***

Most districts will have a district meeting in the fall. The purpose of the meetings is to present and discuss current issues relative to cost accounting and construction record keeping in a smaller environment. It provides an opportunity to discuss issues that may be unique to the district. The County Engineers and/or the District State Aid Engineer may attend, along with personnel from the State Aid Office. Some districts hold district meetings more often if the need arises. Get in touch with the neighboring County and find out when your district meets.

## ***Cost Accounting meetings***

Affiliated Computer Services (ACS) and Counties Providing Technology (CPT) are two software companies that provide cost accounting software to the majority of the counties in Minnesota. Some of the larger counties have their own in-house cost accounting systems. ACS and CPT hold annual conferences and year-end meetings to go over procedures and enhancements. The meetings are held at various times each year and may be held anywhere from December to March of the following year. There also presentations at the Annual Accountant's Conference. Know the contact number for your software vendor and be sure to get your name on the mailing list for these meetings.

## ***Misc. meetings***

There may be various meetings that you are required or wish to attend. They may include:

- County Board meetings
- Committee meetings related to highway department issues
- Union meetings (if you are a member)
- Safety committee meetings
- Supervisor meetings
- Networking meetings within the county
- Township and city meetings

## **Personnel**

### ***Annual Seasonal Employee Hiring***

The process for hiring seasonal employees can take time. Be sure to start early enough so the employees are able to begin work when needed. Discuss with the Engineer what part of the process you are responsible for.

### ***Union Clothing Allowance***

Union contracts may allow for reimbursement of boots and/or safety clothing for certain employees. You may be responsible for maintaining account balances and informing employees of the deadlines for spending the clothing allowance.

### ***Vacation, Sick and Compensatory Time Balances***

Most counties have a maximum balance for vacation, sick and comp. time hours that can be carried from year to year. It may be your responsibility to remind employees of the county policy for carrying over maximum balance for vacation, sick and comp. time hours.

## Budget

Your participation in the budget process may be extensive or limited. In either case the accounting and reporting for your department should be up to date and available for your Engineer to use in the process. The current year and previous years' trends are what shapes the argument for future resources being budgeted for the highway department. Be aware of the following:

- What your involvement will be
- When is the initial preliminary budget due?
- Percent of increase allowed/decrease required
- Dates of public meetings, and your involvement
- Special projects and changes in the coming year that impact a line item

## Data Privacy

Talk to auditor and personnel staff to determine data privacy rules.

## Records Retention

Effective August 1, 2006, M.S. 138.17 was amended to remove the Commissioner of Administration from performing all functions related to records management.

Each county should have an adopted Record Retention Schedule approved by the Records Disposition Panel. Your county may have chosen to adopt the County General Record Retention Schedule available by going to the MN Historical Society website at [www.mnhs.org/preserve/records/retentionsched.html](http://www.mnhs.org/preserve/records/retentionsched.html) .

The schedule has a specific Highway section. Some records maintained at the Highway Dept. may not be the "official" county record. An example is timesheets, which may be the responsibility of Human Resources; or vendor invoices, which may be maintained at the Auditor/Treasurers office. Retention of such data would be at the highway department's discretion. The county should keep an inventory of documents stored and a list of records disposed of.

### Needs Documentation

The retention schedule below are time frames suggested by the SALT Need Manager. Questions regarding these should be directed to the Need Manager on 651-366-3810.

Updated Needs Sheets – Until next needs cycle is complete.

Grading Cost Sheets – Permanently (needed for reference purposes)

After the Fact & Credit for Local Effort documentation – 25 years

## Construction

### **Contracts**

#### **Advertising**

Per M.S. 160.17, Subd. 2, no county or town road contract for construction or improvement exceeding the amount for which sealed bids are required as provided in section [471.345](#) shall be let without first advertising for bids in a newspaper of general circulation published in the county where the construction or improvement is proposed to be done. The advertisement shall be published once a week for three successive weeks in the case of a county contract and two successive weeks in the case of a town contract, the last publication to be made at least ten days before the time fixed for receiving bids and letting the contract. It shall specify, generally, the work to be done, the place where the plans and specifications are on file, and the time and place of receiving bids and awarding the contract.

Electronic advertising is available at the SALT website at <http://www.dot.state.mn.us/stateaid/eadvert.html> .

#### **Bid Opening**

Check with your Engineer to determine what your responsibilities are in this process. Law dictates that the only information that can be released until the bid has been awarded is the apparent low bidder and the total bid amount, no detail. Prior to the bid opening only the plan holders list may be disclosed to the public.

#### **Bid Award**

The bid award is generally approved with a resolution by the Board of Commissioners.

#### **Contract Paperwork**

Check with your Engineer to determine what your responsibilities are in this process. Each County has similar required documents but the responsibility of completing the documents does not always fall on the Accountant.

A useful resource for tracking contract paperwork is the Project Checklist on the SAF Website:

[http://www.dot.state.mn.us/safinance/spreadsheets/project\\_checklist.xls](http://www.dot.state.mn.us/safinance/spreadsheets/project_checklist.xls)

#### **Partial and Final Payments**

Check with your Engineer to determine what your responsibilities are in this process. The procedure for entering work certified will vary based on office staff and software. Refer to Check List for Contracts on page 16.

## Debarred contractors

Debarred contractors are contractors that have been disqualified from entering into or receiving contracts or from serving as a subcontractor or material supplier under a contract.

This information discusses the Debarment and suspension of Vendors found in Mn Rule 1230.1150 and Mn Rule 1230.4100. Coverage of the topic is not necessarily exhaustive and is not intended to serve as legal advice.

### Dept. of Admin.

Mn Rule 1230.1150 gives the Mn Dept of Admin. the authority to debar or suspend vendors. The Materials Mgmt. Division (the Director) may suspend a person from eligibility to receive solicitations, the award of contracts, or selling any products or services to state agencies if the Materials Mgmt. Division determines that the person has engaged in an activity that might lead to debarment.

Debarment causes may include contract criminal activities, conviction of antitrust laws, violation of contract provisions, failure to perform, unsatisfactory performance, collusion, and other causes deemed to be serious and compelling.

### MnDOT

Mn Rule 1230.4100 forbids MnDOT from awarding a contract to a debarred or suspended contractor and may not approve a contract under which a debarred or suspended person will serve as a subcontractor or material supplier. Other reference material regarding MnDOT's Debarred List and process can be obtained from Mn Rule 1230.3100 thru 1230.4300.

### Reject Bid List

M.S.161.32, Subd. 1d allows MnDOT to reject bids from bidders who failed to perform a previous contract with the state.

Currently, local agencies have no statutory authority to create a reject bid. Mn Statute 16C.28, Subd 1(a) 1 states the contract can be awarded to the lowest "responsible bidder".

### Maintenance

Be aware of when maintenance contracts expire. Examples may be

- Beaver Control Contractors
- Equipment Operators
- Weed Control Inspectors
- Gravel pit ingress / egress agreements
- Any other service that is contracted out for a duration of time

## ***Programs***

Your county may not provide all the programs listed in this section.

### **Dust Control**

- Be aware of the deadline for customers to apply for dust control services
- Know when the dust control application will occur
- Schedule motor grading services on gravel roads prior to application

### **Spring Road Restrictions**

- In the spring, there are road restrictions which limit vehicle weight. Be aware of the dates of these road restrictions. MnDOT restrictions and County restrictions may differ.

### **Roadside Mowing**

- Know dates that each cutting starts and must be completed.

### **Seal Coating, Maintenance Overlays, Etc.**

- You may be asked about these project types by the public. To assist in answering questions, know where and when they will occur.

## **General Responsibilities**

The following is a list of many deadlines and important dates that you should be aware of throughout the month that relate to highway activities. Responsibilities vary by county and may even include non-highway related activities. You should meet with your Engineer to determine other duties that may be assigned to you.

## ***Daily***

### **Processes**

- Supervise clerical staff
- Timecard verification (employee and equipment) and entry
- Accounts Payable
  - Verify product or service has been provided
  - Verification of vendor invoices and statements
  - Entry and posting of purchase information
  - Voucher processing for Engineer's approval
- Customer interaction
  - Answer questions from the public, vendors, contractors, etc.
  - Sale of materials, maps, plans to contractors
  - Permit transactions (moving, utility, field access, etc.)
- Process & deliver daily mail
- Review of office schedules, maintenance work, and construction, this will assist in answering inquiries.

## Reconciliations

- Reconcile and prepare deposits and receipt report for county treasurer's office. Cash deposits may be done more or less frequently as requested by the county treasurer.

## Weekly/Bi-Weekly

### Processes

- Payroll processing
  - Update and maintain personnel files. Know the dates that employees receive pay rate increases such as step anniversaries, cost of living increases, and longevity increases so that the employee's payroll records are submitted correctly, and salary increases are not delayed.
  - Know when the work week starts and ends. This is required for overtime calculation in some contracts.
  - Be familiar with start and end dates of the pay periods, and actual pay date.
  - Interface or data entry to county payroll system. Know the payroll department's deadline for processing payroll. Establish timesheet deadlines for employees that allow you enough time to process daily time.
- Accounts Payable (payment of invoices)

The auditor's office issues two types of warrants; warrants that require commissioner approval (commissioner warrants) and warrants that do not require the commissioner's approval (auditor warrants).

Auditor warrants are typically for general operating expenses, smaller purchases and misc. expenses that have delegated authority from the County Commissioners. Commissioner warrants are typically for supplies, materials, new equipment, final contract payments and other major purchases. Below are some deadlines to be aware of.

- Deadline for submitting invoices or interfacing purchase batches to the auditor's office to meet the deadline for board approval.
  - Date County Board approves invoices. Generally, the same meeting each month (i.e., 2<sup>nd</sup> or 4<sup>th</sup> Tuesdays monthly).
  - Date auditor warrants and commissioner warrants are processed by the auditor's office. For commissioner warrants, this may not be the same day as board approval but generally within the same week
- Construction
    - Bid preparation and advertisement
    - Contracts Payable
      - Daily/weekly diary forms

- Partial payment preparation
- Interface certified work to costing system and interface payment to county financial.
- Prepare State Aid & Federal Aid Payment request forms
- Enter receipts in costing system for cash and A/R sales
- Supervise billings for supplies and services to other departments and government entities.

## Reconciliations

- Reconcile and prepare deposits and receipt report for county treasurer's office. Cash deposits may be done more or less frequently as requested by the county treasurer.

## Monthly

### Processes

- Accounts Receivable (customer billing)

Invoices and statements are generally produced on a monthly billing cycle for material and services provided by the county highway department during the month. Be sure all charges to customers from daily time, inventory, purchases, and adjustments have been posted to the costing system before you start producing invoices.

- Monthly invoices and statements should be mailed to customers on or around the same date each month.
- Inventory management
  - Verify additions and withdrawals
  - Fuel reports, meter readings
  - Monitor unit prices for inventory
- Sales and fuel tax reports preparation
  - Sales & Use Tax, special fuels tax, PTO refund, Federal Excise refund
- Budget
  - Manage cash position
  - Prepare revenue and expenditure comparison to budget report for Engineer

## Reconciliations

Reconciliations and closings should be completed by the 15<sup>th</sup> of the following month. Reports should be available upon completion of reconciliation.

- Cash to the auditor's financial system
- Account receivables to customer detail
- Accounts payable to the vendor detail
- Salaries/wages payable to the auditors financial/payroll system
- State Aid receivables to State Aid Status Report
- State Aid allotments to State Aid Status Report



- YTD budget to Actual
- Add/remove units from the insurance listing as needed

## Reports

Each County's procedures and organizational charts are different. It is a good practice to meet with your County Engineer and other supervisors to find out what reports you are responsible to provide and how often they require them. Some examples may include:

- Monthly Budget to Actual
- Monthly Construction Costs by Project
- Percentage Complete by Project
- Cost Overages by Project
- Monthly Revenue and Expenditure Report
- Maintenance Cost Tracking
- Fixed Asset / Capital Outlay Reports
- Report of employee overtime or comp. time earned

## Annual

### Processes

- Township mileage reporting. See page 26 for more township mileage certification information.
  - Data collection
- Inventory
  - Physical inventory
  - Reconcile physical inventory to costing system inventory
    - Enter variances
- Fixed Assets
  - Calculate depreciation
  - Update equipment (new, sold, traded, disposed)
  - Calculate rental rates for new year
- Manage Infrastructure
  - Add construction costs to county infrastructure
- Verification of year end accruals
  - Taxes receivable, accounts payable, salaries & wages payable, etc.
- Unallocated Costs
  - Spread to appropriate cost centers
- Needs preparation
  - After the Fact ROW
  - Credit for Local Effort
- Verification and preparation of 1099 forms
- Year-end close on costing system
- Budget

- Assist in budget preparation

## Reconciliations

Reconciliations and closings should be completed by April 1<sup>st</sup> of the following year.

- Year-end cash to the auditor's financial system
- Year-end account receivables to customer detail
- Year-end accounts payable to the auditor's financial system
- Salaries/wages payable to the auditor's financial/payroll system
- State Aid receivables to State Aid Status Report
- State Aid allotments to State Aid Status Report
- Year-end physical inventory must be reconciled to the booked inventory
- Changes to the infrastructure for the year
- Unallocated costs must be spread back to cost centers
- Amount of equipment depreciation

## Reports

- Annual Summary of Highway Information

The Annual Summary of Highway Information should be completed by June 1<sup>st</sup> of following year. It is due into MnDOT no later than August 1<sup>st</sup> of following year.

This report is required to final the county's maintenance accounts. The summary includes the construction and maintenance costs incurred during the calendar year for the county highway systems. The County Engineer and the DSAE must approve this report.

- Local Highway Finance Report (FHWA 536)

Due by August 31<sup>st</sup> of the following year

The Local Highway Finance Report is an annual report required by Federal Highway summarizing highway funding by local governments. Information reported on this report permits the FHWA to develop a series of national tables depicting the financing of highway activities at the local level. This report ties directly with costs reported in your annual report, so it is a good idea to complete this report at the time you are doing your annual report. Instructions and the form is available on the SAF website.

- GASB 34 Infrastructure Depreciation Schedule

Due upon request of Auditor's Office.

Update the total value of the county infrastructure. Increase and decrease in land, right of way, roads, and bridges for the current year.

- Township Mileage Report

Due in November of each year.

It is a good practice to start sending the Township forms out as early as July and continue reminding Townships until all have submitted their forms. See page 26 for more township mileage certification information.

- After the Fact Needs Adjustments

Due no later than July 1 of the following year.

These must be submitted to the District State Aid Engineer. In many counties, the engineering staff submits this information, but it may be beneficial for the Accountant to be familiar with this process. More information on after the fact needs can be obtained from the SALT website. There are various costs that can be used to adjust a county's needs. These costs include:

- After the Fact Right of Way
- Miscellaneous After the Fact – Traffic signal, lighting, retaining walls, sidewalk, wetland mitigation, RR crossing surfacing, concrete paving, and railroad protection.
- After the fact Bridge Deck Rehab
- Credit for local effort

## **Basis of Accounting**

There are three methods of accounting, cash, accrual basis, and their combination: modified accrual. Each method differs on how they record revenues and expenditures. The modified accrual method of accounting is the practice used by governments.

### ***Cash***

The cash basis of accounting is a method that recognizes revenues when cash is received and expenditures when cash is paid out. Cash basis does not recognize promises to pay, expectations to receive money, or services in the future, such as payables, receivables, or prepaid or accrued expenses.

### ***Modified Accrual***

The modified accrual basis of accounting is a method that recognizes revenue when it becomes available and measurable. Expenditures are typically recognized in the period in which the liability is incurred except for:

- Inventories of materials and supplies that may be considered expenditures either when bought or used
- Interest on general and special assessment long-term debt that is recognized on the date due
- Use of encumbrances.

### ***Full Accrual***

Full accrual basis of accounting is a method of accounting which recognizes revenue when it is earned, not received in cash. Expenditures are matched to related revenue whether or not they are actually paid in cash.

### **Audits**

The county is audited annually before December 31 of the following year either by a State or private audit team.

Per specification 1721 and pursuant to M.S.16C.05, Subd. 5 and M.S. 6.48 all records are subject to an annual audit.

An audit of federal projects is required by the Federal Single Audit Act of 1984 and associated amendments on federal programs which exceed \$500,000.

The Office of Management and Budget (OMB) A133 Compliance Supplement enacted pursuant to the single audit act provides guidance to Program Administrators and Auditors.

### ***Check List for Contracts***

The following is a checklist of items commonly asked for by an audit team when your County Highway Department is audited. You will find it very helpful if these items are available for the audit team. More items may be asked for on a federal project audit.

Links to MnDOT audit information can be found at: <http://www.dot.state.mn.us/audit/>

1. **Affidavit of Publication.** Must be an original. Advertisement must be published in a qualified publication three weeks prior to deadline. The publication must be done once/week for a least 3 consecutive weeks. Last publication must be at least 10 calendar days before the date and time of the receipt of bids.
2. **Bid Abstract.** A detail listing of all bidders and their line-item bid amounts. Generally formatted starting with the Engineer's Estimate, followed by the low bidder and then each bidder in order of increasing bid amount.
3. **Engineers Estimate.** Generally found on the bid abstract

4. **If the contract was not awarded to the low bidder**, there must be documentation in the file validating the reason. You must also provide a copy of the Board minutes.
5. **Original contract**. Must be signed by all parties.
6. **Copy of performance bond**. The bond should equal the contract price and have the original signature of the surety acknowledged.
7. **Certificate of Liability Insurance**. Original or copy will be accepted, verify that the contractor meets the required thresholds by law per M.S. 326.242, Subd. 6b. Reference M.S. 466.04, Subd.1 for the county's maximum liability.
8. **Surety Deposit Exemption (SDE)**. This form is required when a county uses a contractor whose "Parent Company" or "Home Office" is located outside the State of MN. If you do not have the exemption form, you will be required to withhold 8% of each contract payment. The form can be obtained from <http://www.taxes.state.mn.us/taxes/forms/sde.pdf>.
9. **Change Orders (CO), Work Orders (WO) and Supplementary Agreements (SA)**. All documents must be original and executed by the authorized party.
10. **Change in Construction Status**
11. **Final review letter**
12. **Partial and final estimates**.
13. **Partial and final payment requests**.
14. **Form IC-134 (Withholding Affidavit for Contractors)**. This form is to certify contractors have fulfilled all the requirements of MN Statutes 290.92 and 290.97 concerning the withholding of Minnesota income tax. It is required to have a completed form, certified by the state, on file for every contractor or subcontractor before the county can make a final payment. Check the pre-construction conference minutes to see if the contractor and sub-contractors already have the form on file.
15. **Resolutions**. Bridge Bonding funds, final payment
16. **Equal Employment Opportunity (EEO)**. If project is over \$100,000.00
17. **Contractor and Subcontractor payroll documentation**
18. **Access to copies of contract payment warrants**

### ***Links to helpful audit information***

Recent audit findings on federal DCP projects -

<http://www.dot.state.mn.us/const/tools/documents/singleauditcommonexceptions.pdf>

Who, What, When, Where, and Why answer guide regarding an audit.

<http://www.dot.state.mn.us/const/tools/audit.html>

Delegated Contract Process (DCP) – Checklist that outlines the roles and responsibilities of the Local Public Agency and MnDOT for a DCP project.

[http://www.dot.state.mn.us/stateaid/sa\\_dcp.html](http://www.dot.state.mn.us/stateaid/sa_dcp.html)

## Labor Compliance on Certified Payrolls

The purpose of the following information is to assure all active contractors, subcontractors, second tier subcontractors and trucking companies are following the state and/or federal labor laws when a contract is funded in whole, or part, with State and/or Federal funding. Monitoring and verifications must be done throughout the entire construction project to ensure contractors are complying. There are numerous areas to be checked and the following information may not be inclusive.

MNDOT holds training sessions bi-annually and encourages your attendance to keep you current. The MnDOT Labor Compliance Office will be able to advise or direct you to the appropriate person regarding any problems or questions you might encounter.

MnDOT web site: [www.dot.state.mn.us/const/labor](http://www.dot.state.mn.us/const/labor)

or

Contact Person: Clancy Finnegan  
Ph: 651-366-4204  
email:Clancy.Finnegan@state.mn.us

### ***Checking Contractor's Payrolls***

Prior to reviewing a contractor's employment related reports, the following items must be obtained.

- **Request To Sublet Forms** (MnDOT TP-21834, 5/12/2009)
  - Required for each subcontractor performing work under the contract. This is necessary to determine the name, address and telephone number of all contractors performing work on the project, along with the value of the work. Additionally, it identifies who you should be collecting payroll and trucking reports from.
  - Request to Sublet Forms should be approved by the engineer/project engineer, signed by all authorized parties, and submitted by the prime contractor prior to work commencing. If forms are missing from any contractor that requires a payroll, contact the project engineer.
- **Prevailing Wage check list**
  - If you don't have this, you can get it from MNDOT Labor Compliance Office or on their website.
- **Schedule of Federal and/or State Wage Schedule**
  - From the contract proposal.
  - Wage schedule is project specific.
- **State Truck Rental Rate Decision**

- From the contract proposal.
- Truck rental rates are project specific.
- **Periodic MnDOT Tracking Report and monthly employee interview forms**
  - From the project inspector as the project progresses.

Once all the above-mentioned documents are obtained, the following actions should be taken to ensure all contractors are complying.

- Review the Request to Sublet forms to ensure compliance with **Section 1801 of the 2005 MnDOT Standard Specifications for Construction**.
  - Add the names of all contractors to your current MnDOT Tracking Form mentioned above.
    - The original Sublets Forms should be filed in the project file. Contact your project engineer if you receive payrolls and do not have that contractor on your copy of the most current Tracking Report.
- Verify the prime contractor and subcontractor has submitted the required payroll reports.
  - **Payroll Tracking Form** (MnDOT TP-02120, MnDOT TP-21421-01, MnDOT 21658, USDOL WH-347)
    - This form is useful for assuring all contractors have submitted all the necessary payroll reports. Verify all the applicable boxes.
  - Contractors use different payroll programs; therefore, they will have different payroll cycles. Ensure payroll reports are submitted for each pay period whether it is on a weekly or bi-weekly cycle.
  - **Statement of Compliance Form** (MnDOT 21658)
    - Each payroll must be accompanied with the compliance form.
    - **NOTE:** Contractors must submit a payroll report **weekly** for projects that are funded in whole or in part with federal funds. If you are missing any payrolls, contact your prime contractor and request them.
- Verify you receive the monthly trucking reports from your prime contractor.
  - **Statement of Compliance Form** (MnDOT TP-09551)
  - Each Month-End Trucking report must be accompanied with the compliance form.
    - Your inspector has daily truck tickets and can give you the number of truck drivers per day which will enable you to verify you have all the compliance forms.



- Review each payroll and Month-End Trucking Report to ensure that each record contains at a minimum the following information.
  - Contractor's name, address, and telephone number
  - State Project number
  - Payroll report number
  - Project location
  - Workweek ending date
  - Name, Social Security number and home address for each employee. Currently, the last four (4) digits of the SS number are sufficient. This may be revised at a later date, according to the State Labor Compliance office.
  - Labor classifications(s) and /or three-digit code for each employee
  - Hourly straight time and overtime wage rates paid to each employee
  - Daily and weekly hours worked in each labor classification, including overtime hours for each employee. Multiple Truck Operators (MTO's) and Independent Truck Operators (ITO's) may have hired people to work for them. A payroll report is also necessary for the individuals they hire.
  - Authorized legal deductions for each employee
  - Project gross amount, weekly gross amount and net wages paid to each employee
  
- Review the payroll and Statement of Compliance reports on contracts that have **both Federal and State funding**.
  - Ensure all workers are being paid a prevailing wage that is the **highest rate** according to the prevailing wage determination(s) incorporated into your contract.
  
  - Ensure each worker is compensated at the required minimum total hourly wage rate for all hours worked on the project and for the appropriate classification of labor.
    - The wage rates listed in the federal and/or state wage determination(s) contains two components: the hourly basic rate and the fringe rate. Together they equal the total prevailing wage rate. **You must ensure that a worker is compensated at a minimum of the combination of cash and fringe benefits equaling the total prevailing wage rate.**
  
- **Request for Additional Classification & Wage Rate Form (SF-1444)**
  - If a contractor's payroll report specifies a classification of labor that is not included in the above-mentioned **Federal Wage Decision** the prime contractor must:
    - Complete and submit a Request for Additional Classification & Wage Rate form to the MnDOT Labor Compliance Unit for processing so that the classification and wage rate can be assigned.

- **NOTE:** This is only required for contracts funded in whole or in part with federal funds.
- If a contractor's payroll report specifies a classification of labor that is not included in the above-mentioned **State Wage Decision** the contractor should:
  - Contract the MnDOT Labor compliance Unit so that a "same or similar" trade or occupation can be assigned.
- Review the Month-End Trucking and Statement of Compliance reports.
  - Ensure all MTO's and ITO's are compensated according to the State Truck Rental Rate Decision incorporated into your contract.
    - If any independent truck companies have employees working for them, a payroll must be submitted for all employees showing the correct basic rate and fringes paid according to your contract.
- Inspector's Interview Form
  - Compare this form with the Periodic Tracking Report and the payrolls submitted. Ensure information compares and is complying.
- Missing Information
  - Contact your prime contractor to obtain any information you feel is missing. At times, you may find it necessary and more efficient to contact subcontractors directly. Be sure this is done under the direction of the prime contractor. Any corrections should be sent to the prime contractor first for review. A copy will be forwarded to you once the prime contractor has reviewed the correction(s).

Once all the payroll documents have been reviewed and corrected, they can be filed.

### NOTES

- Social Security numbers are private data per the Data Privacy Act, except when specifically authorized by law. If a company has listed a full social security number on any document, the document must be filed in a secure place to maintain this confidentiality. Ref. M.S. 13.355

## Internal Operations Manual - Procedures

Each county should develop an Internal Operations Manual covering their unique office procedures. SAF has developed some basic guidelines for processes that are common amongst most counties. Procedures for the following processes can be found in the Appendix.

- Recording of Cash Outlay – ACS (see page 28)
- Recording of Cash Outlay – Costrite (see page 29)
  - Cash Outlay Worksheet (see page 30 )
- Receipt Processing & Reconciliation (see page 31)
  - Receipt Worksheet (see page 32)
- Accounts Payable (see page 33)

## Resources

### Website - SAF

The SAF and State Aid for Local Transportation (SALT) websites contain a lot of information, including links to many other helpful websites. Some of the information that can be obtained from the websites is listed below with brief explanations of their content. When you have time, you should browse the websites and become familiar with their content.

The website for SAF [www.dot.state.mn.us/safinance](http://www.dot.state.mn.us/safinance).

**Advance guidelines** – Guidelines for State Aid advances

**Accounting Manual** – Guidelines for accounting entries

**Accounting Task Force (ATF)** – Task Force news including meeting minutes, email addresses, list of task force members

**Apportionment Letters** – Letter signed by the Commissioner of Transportation listing your counties annual allotments.

**Commissioner's Order** – Order signed by the Commissioner of Transportation for allotting the funds in the Highway Users Tax Distribution (HUTD) Fund to all the counties and municipalities

**Contacts** – Various contacts in SAF, SALT, DSAE's, etc.

**County Info** – Accountant name, address and email lists, Accountant & Engineer maps, County websites. The statewide email address which is used to email all Mn Highway Accountants to obtain feedback on an issue.

**Definitions & References** – Find list of acronyms, county numbers, project number and account number definitions, list of municipalities over & under population 5,000.

**DCP** - Delegated Contract Process billing information.

**FHWA 536** – Instructions and forms for filling out the Federal Highway report that is due annually.

**Forms & Resolutions** – Required forms you will need at some point.

**GASB 34** – Information on requirements for GASB

**MN Hwy Users Tax Distribution** – A display showing the tax revenue is divided for the State Aid apportionments.

**SAAS Reports** – Link to the State Aid Accounting System reports (requires password-contact SAF).

**Statutes, Rules & Constitution** – References to the various chapters that are used in State Aid and at the County for contracts, retainage, etc.

**Training Information** – Training requests and critique forms

**Vendor Payment Information** – Link to find payment information on Electronic payments from State Aid (EFT-Electronic Fund Transfer).

**Worksheets & Applications** – Various worksheets and Data Entry Forms used for balancing accounts, end of year spreads, etc.

Links to:

- Mn State Legislature
- Mn State Auditor
- National Highway System
- Vender Payment Information
- AMC Homepage
- GASB Homepage
- GFOA Homepage
- SALT Homepage

## ***Website - State Aid for Local Transportation (SALT)***

The website for SALT is [www.dot.state.mn.us/stateaid](http://www.dot.state.mn.us/stateaid)

**Administration** – Management activities for SALT, with Administration contacts.

**DSAE** – District addresses, phone numbers and web links to District State Aid Engineers.

**Information Resources** – Management of data and technology for Local Government, State Aid and MnDOT, with ITS contact list.

**State Aid Plans** – Review and approve state aid project plans, municipal and township bridge replacement projects. Manage rule making, variance and NPR route processes with links to SAP contacts and SAP resources.

**State Aid Bridge** – Review and approve township, county and municipal bridge plans prepared by private consultants and local highway departments for compliance, with links to SAB contacts and SAB resources.

**Labor Compliance** – Prevailing wage resources for MNDOT, local governmental agencies, consulting firm personnel, contractors, and employees for administering federal aid and state aid construction contracts with links to requirements, information, forms, and contacts.

**Design Tools** – Links to specific design topics and tools, including concrete pavement design information.

**CSAH** – (County State Aid Highway) determines the annual apportionment of CSAH funds. Links to contacts, CSAH needs updates, manuals, information, forms, and tools.

**Federal Aid** – Review and approve plans for non-trunk highway Federal Aid projects to determine Federal participation, including agreements (PE, ROW, CE), project development, location/design studies, section 4f statements and environmental. Links to Federal Aid contacts, forms, templates, requests, guidance, and tools.

**MSAS** (Municipal State Aid Street) determines the annual apportionment of MSAS funds. Links to contacts, MSAS needs updates, manual, instructions, forms, and information.

**SAF** – Link to the SAF website.

**State Aid Programs** – Manages the local bridge replacement program and oversees the processing of bridge project plans; develop and implement other SA programs and links to various SA programs, reports, and information.

**Construction** – Links to Construction Administration and Proposal Preparation guides, other construction information, tools, and forms.

**Traffic Safety** – Links to the Traffic Safety information, including program solicitation, selections, plan guidance, forms, templates, examples, methodology and funding information.

## **Misc. Information**

### ***Insurance***

#### **Minnesota Counties Insurance Trust**

Minnesota Counties Insurance Trust (MCIT) is a great resource in which most of the Counties in the State as well as numerous other governmental units and political subdivisions are members. All have Liability and Work Comp insurance with MCIT. It allows the county to obtain better insurance rates by being part of a larger group. MCIT can be accessed online at [www.mcit.org](http://www.mcit.org) but you will need to check with someone in your department for a username and password. Determine who in your department is responsible for completing Notification of Change forms for new equipment, land, buildings, etc. In addition, your department may also need to complete a Capital Assets form to submit to your Auditor's office, as well as an asset disposal form when you buy, trade, sell, transfer, or junk any capital assets. You will most likely be asked by your Auditor's office to review the Schedule of Insurance from MCIT periodically to check for additions, deletions, changes in valuations or other corrections. You may also be responsible for maintaining the inventory of vehicle titles for your department as well as processing the licenses and renewals and distributing the cab cards.

There are numerous forms available online from MCIT; you will need to determine your county's policy regarding who is required to complete them. Some examples are: General Liability Loss Notice, Automobile Loss Notice, Property Loss Notice and Non-Employee Accident Reports. Be aware that along with these forms it may be necessary to complete your County's accident/incident and/or First Report of Injury forms. (See also the section on Personnel). All of these forms are time sensitive and will need to be completed quickly. You will also want to check to see who is responsible for reviewing and managing contracts and certificates of insurance.

There is an annual Risk Assessment that someone in your department will need to complete to review the county's liability risk exposures, including any new risks. An estimate of Property/Casualty contribution for the following year is also required. These forms are typically filed in March. Keep in mind that if you have any questions your MCIT representative is a helpful asset and MCIT members have access through the website to many useful publications, articles, video library and other good resources.

### ***Status Maps***

Each year sometime in December, MnDOT sends out "status maps" to each county. There are two sets of maps; one is a county map and the other is a map showing all the incorporated cities within the county. The purpose of the maps is to delineate and/or mark the locations of all roadway and bridge improvements that were undertaken in your county the previous construction season. Once the maps are updated, one copy is returned to MnDOT.

### ***Five Year Plans***

Per M.S. 373.40, Subd 3(a), a county may adopt a capital improvement plan. The plan must cover at least the five-year period beginning with the date of its adoption. The plan must set forth the estimated schedule, timing, and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and sources of revenues to pay for the improvement. In preparing the capital improvement plan, the county board must consider for each project and for the overall plan:

- (1) the condition of the county's existing infrastructure, including the projected need for repair or replacement.
  - (2) the likely demand for the improvement.
  - (3) the estimated cost of the improvement.
  - (4) the available public resources.
  - (5) the level of overlapping debt in the county.
  - (6) the relative benefits and costs of alternative uses of the funds.
  - (7) operating costs of the proposed improvements; and
  - (8) alternatives for providing services more efficiently through shared facilities with other counties or local government units.
- (b) The capital improvement plan and annual amendments to it are not effective until approved by the county board after public hearing.

Information related to this section can be found in M.S.475.51.

### ***Township Mileage Certification***

Per M.S. 162.081 townships may be entitled to an annual maintenance allotment from the State. To be eligible, townships must levy in the previous year for road and bridge purposes at least 0.04835% of taxable market value.

Townships that keep their roads open for at least nine months of the year and incur costs for town road maintenance are allowed to submit the mileage and receive an annual allotment.

To receive the allotment, a signed form from the township must be completed. Check with your county auditor's office to see if your townships qualify for a maintenance allotment and/or if the annual qualification process is completed by the highway department. If they qualify, letters, forms and often maps are sent to the townships earlier in the year to verify their correct mileage. It is often a good practice to send the forms out in July or August since the townships usually only meet once a month.

The county is responsible to certify its township mileage to SALT by mid-November of each year, so maintaining a tracking sheet of the townships that have or have not returned their forms will help with follow-up as the due date approaches.

The county is also responsible to distribute the Town Road funds to the townships within their county. These funds are received each year in late January or early February, generally along with the county's maintenance allocation. The funds must be disbursed to the townships within 30 days of receiving them from the State.

### ***Unorganized/Disbanded Townships***

Unorganized/Disbanded townships are managed by the County Board. These townships may be eligible for Town Road funding. Check with your County Engineer to determine how these townships are managed.

### ***Ditch Systems***

Most counties have a county ditch system, talk to your County Engineer to find out who is responsible for ditches.

## **Appendix**

### **Recording of the Cash Outlay & Reconciliation**

#### **ACS System**

##### Recording of Cash Outlay

A Cash Outlay Reconciliation is done on a monthly basis. A Cash Outlay form is available from the SAF website for recording payroll, auditor, and Commissioner warrants. To help save time, this form can be modified to include payroll, Commissioner warrants, Auditor warrants, manual warrants and contract payments that occur with each warrant run, see example below. Disbursements should be accumulated on the Cash Outlay form for the entire month.

After warrants are processed, a warrant register is produced from the County Financial System and sent to the highway department. The total of the warrant register must be recorded on the Cash Outlay form. Contract payments are included in the warrant register and must be subtracted from total and recorded individually on the Cash Outlay form.

When payroll is processed, a Labor and Benefit Distribution report is sent to the highway department. The total for the cash entry on this report must be recorded on the Cash Outlay form for each payroll that is processed within the month.

Data entry to the costing system should be processed in one batch either all at once or at various times throughout the month from the Cash Outlay form. At the end of the month, the total of the batch input to the costing system should equal the total on the Cash Outlay form.

##### Reconciliation

The Cash Outlay form is reconciled monthly to the County Financial System.

A Disbursement Journal and Treasurers Cash Trial Balance should be printed and compared to the Cash Outlay form. If the disbursement and payroll totals from the Cash Trial Balance match the disbursements on the Cash Outlay form the disbursements are in balance.

If the warrants are not in balance, you must compare the totals for each warrant type on the Disbursement Journal to the entries on the Cash Outlay form. If payroll is not in balance, you must review the Labor and Benefit Distribution reports to ensure that a payroll amount was not omitted on the Cash Outlay form.

Common discrepancy issues include:

- A warrant total was omitted on the Cash Outlay form.
- A payroll run was omitted on the Cash Outlay form.



**Recording of the Cash Outlay & Reconciliation**

**Costrite System**

The Costrite Costing System will automatically create the proper accounting entries to cash, accounts payable and salaries and wages payable if invoices and daily time are interfaced the County Financial Systems (IFS and Payroll).

County Highway Department  
Cash Outlay  
01/31/XX

Explanation	Debit Cost Acct	Credit Cost Acct	Amount	Notes
1st Payroll	93-2210	91-1001	\$	
2nd Payroll	93-2210	91-1001	\$	
3rd Payroll	93-2210	91-1001	\$	
Commissioners' Warrants				
1st run	93-2002	91-1001	\$	
2nd run	93-2002	91-1001	\$	
Auditor's Warrants				
1st run	93-2002	91-1001	\$	
2nd run	93-2002	91-1001	\$	
3rd run	93-2002	91-1001	\$	
4th run	93-2002	91-1001	\$	
Manual Warrants	93-2002	91-1001	\$	
Contract Payments	93-2006	91-1001		
Contract/Project Number			\$	
Contract/Project Number			\$	
Contract/Project Number			\$	
Contract/Project Number			\$	
<b>TOTAL</b>			-	

**Receipt Processing & Reconciliation**

On a daily basis many cash transactions can take place. For example, receipts are issued for cash sales, payments are received for accounts receivable, electronic fund transfers (EFT) are received from the State (Commissioner of Transportation, MnDOT, etc.).

Receipts can be deposited on a daily or weekly basis, depending on the counties practice. A Monthly Receipts form is available from the SAF website for recording receipts. To help save time, this form can be modified to include customers that have receipts every month, see example below. Receipts should be accumulated on the monthly receipt form.

The treasurer's office generally wants the receipts batched with a calculation tape included showing the total cash and checks for deposit.

Data entry to the costing system can be done to one batch either all at once or at various times throughout the month from the Monthly Receipts form. At the end of the month, the total of the batch input to the costing system should equal the total on the Monthly Receipts form.

Receipts are reconciled monthly to the County Financial System. A Receipt Journal or Treasurers Cash Trial Balance should be printed and compared to the Monthly Receipts form. If the receipts total match, the receipts are in balance. If not, you must compare the receipts from the Monthly Receipts form to the Receipt Journal to find the discrepancy. Necessary corrections should be made to the appropriate system to balance the receipts.

Common discrepancy issues include:

- The County Financial System has a receipt posted to an incorrect fund.
- The County Financial System has additional receipts posted.
- The Monthly Receipts form does not include all receipts.

County Highway Department  
 Monthly Receipts  
 01/31/XX

Explanation	Debit Cost Acct	Credit Cost Acct	Amount	Customer Number
Receipt from xxxx township	91-1001	91-1210	\$	XXXX
Receipt from zzzz township	91-1001	91-1210	\$	XXXX
Receipt from aaaa city	91-1001	91-1211	\$	XXXX
Regular Construction	91-1001	91-1221		
Project number			\$	
Project number			\$	
Municipal Construcion	91-1001	91-1223		
Project number			\$	
Project number			\$	
Bridge Bonding	91-1001	91-1226		
Project number			\$	
<b>TOTAL</b>				

-

**Accounts Payable**

The following procedures will ensure that all purchases are accounted for in the cost accounting system.

On a daily basis, invoices are received from various vendors. These invoices are separated into two different categories; auditor warrants or commissioner warrants. Auditor warrants are typically for general operating expenses, smaller purchases and misc. expenses that have delegated authority from the County Commissioners and are generally processed once a week. Commissioner warrants are typically for supplies, materials, new equipment, final contract payments and other major purchases which require commissioner approval and are generally processed within the week of that approval. You should be aware of the different deadlines for the processing of each type of invoice.

Invoices need to be reviewed to ensure that the costs are appropriate and accurate. It is recommended that the invoice be reviewed, signed, and dated by the person who initiated the purchase. Once costs have been reviewed, the invoices should be entered to a purchase batch to the costing system on a daily basis and if required vouchers are created from the invoices. The invoices and vouchers are sent to the Auditors Office where they are entered or interfaced from the costing system to the County Financial System.

It is recommended that the purchase batch be entered to the costing system at the same time that the voucher is created for the Auditors Office rather than waiting until the end of the month. This way, the Auditors Office can save time by using the interface process.

Once they are entered or interfaced, warrants are printed, and a warrant register is sent to the highway department. The warrant register total should be compared to the total of the purchase batch on the costing system to ensure they match. If the warrant register and purchase batch totals do not match a Vendor Payable List should be run for the purchase batch on the costing system. Compare the warrant register to this report to find the discrepancy. Corrections should be made to the appropriate system.

Common discrepancy issues include:

- The County Financial System has a warrant processed to an incorrect fund.
- The County Financial System has additional warrants processed.
- The County Financial System has omitted a warrant because it was not approved.

Note: Warrants paid to contractors for construction projects will not be included in a purchase batch on the ACS Costing System but will be included in the warrant register.

Sometimes the Auditor's Office will process corrections to the County Financial System due to lost, voided, or miscoded warrants. If they process a manual correction/void, the highway department should receive a warrant register for these transactions. Depending on the type of correction a purchase batch may be required to be entered to the costing system.