

COUNTY OF WINNEBAGO, IL
ACCOUNTING AND AUDITING POLICY

ACCOUNTING POLICY (FINANCE OFFICE)

1) Financial Statements

- a) All activities for which the County exercises oversight responsibility are incorporated into the financial statements to form the reporting entity.
- b) All year-end financial statements will be formulated based upon generally accepted accounting principals (GAAP) and the Comprehensive Annual Financial Report (CAFR) will be prepared at the conclusion of the County audit.
- c) The Comprehensive Annual Financial Report (CAFR) will be finalized and audited within 180 days of the County's fiscal year end.
- d) The Comprehensive Annual Financial Report (CAFR) will be submitted annually for consideration of the Government Finance Officers Association's (GFOA) Certificate of Achievement.

2) General Ledger Entries

- a) The Finance Director has ultimate responsibility for all journal entries to the general ledger and will review all journal entries made to the general ledger.
- b) All general ledger entries will be documented with appropriate substantiation.
- c) Only the Finance Director, Accounting Manager and Senior Accountant with the Finance Office will post general ledger entries to the accounting system.
- d) All general ledger entries posted to the accounting system will be reviewed and initialed by the Finance Director.
- e) Any general ledger entries posted by the Finance Director will be reviewed and initialed by the Accounting Manager.
- f) The Finance Director will have sole authority to allow individuals from other departments to enter but not post general ledger entries related to their respective departments.
- g) General ledger entries entered into the accounting system by other departments will be reviewed, initialed and posted by only the Finance Director or Accounting Manager.
- h) A monthly listing of all general ledger entries to the accounting system will be provided to the Winnebago County Auditor's Office.

3) Prepaid Checks

- a) A prepaid check is a check issued outside of the regular monthly check run typically out of the necessity of timeliness.
- b) Prepaid checks will be issued the last work day of the week with exceptions being made exclusively by the Finance Director.
- c) All prepaid check requests will be approved by the County Auditor's Office prior to submission for payment to the Finance Office.
- d) All prepaid check requests will be accompanied by a statement as to the necessity of issuing a prepaid check.
- e) All prepaid check requests are to be reviewed and signed by the Finance Director or a designated member of the Finance Office staff.

4) Capitalization & Depreciation Policy (Fixed Assets)

- a) Fixed assets will be capitalized for unit costs greater than a \$5,000 expenditure.
- b) Fixed assets will be depreciated over the estimated useful life of the asset using the straight-line method as follows:
 - i. Land Improvements: 20 years
 - ii. Machinery and Equipment: 10 years
 - iii. Vehicles: 4 years
 - iv. Buildings: 40 years
 - v. Building Improvements: 20 years
 - vi. Infrastructure: 40 years
 - vii. Office Equipment and Furniture: 7 years
 - viii. Computer Equipment: 5 years
 - ix. Software: 3 years

5) Manuals and Instructions

- a) The Finance Office will maintain a comprehensive accounts payable, payroll and accounting manual and update it on a continuing basis.
- b) The accounting manual will consist of annual audit workpapers, monthly closing procedures and Munis instructions.

END OF ACCOUNTING POLICY

Adopted this 19th day of November 2010.

A handwritten signature in cursive script, appearing to read "Scott H. Christiansen", is written over a horizontal line.

SCOTT H. CHRISTIANSEN
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

AUDIT POLICY (AUDITOR'S OFFICE)

1) Internal Audits

- a) The County Auditor's Office will perform an internal audit of all major County departments on a three year cycle.
- b) An audit report will be submitted to the Finance Committee for every internal audit completed.
- c) Continuous audit review procedures will be performed on a regular basis, including payroll distribution audits, review of all purchasing card expenditures, and reviews of payroll and personnel file updates.

2) Board Expenditures

- a) The County Auditor's Office will review all expenditures of the County on a monthly basis for accuracy and appropriateness prior to submission to the County Board for approval.

3) Prepaid Checks

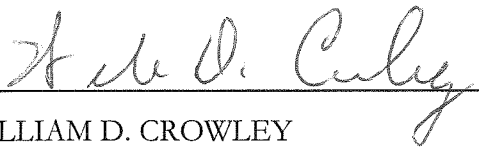
- a) All prepaid check requests will be reviewed and approved by the County Auditor and the Finance Director or a designated member of their respective staff.

4) General ledger entries

- a) A monthly list of all general ledger entries made to the accounting system will be obtained from the Finance Office
- b) All general ledger entries made to the accounting system will be reviewed and initialed by the County Auditor or a designated member of the Auditor's staff.

END OF AUDIT POLICY

Adopted this 19th day of November 2010.



WILLIAM D. CROWLEY

AUDITOR

COUNTY OF WINNEBAGO, ILLINOIS