

TODD COUNTY BOARD OF COMMISSIONERS

A RESOLUTION ADOPTING FINANCIAL POLICIES

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WHEREAS, it is the responsibility of the Todd County Board of Commissioners to establish appropriate financial controls for employees of Todd County.

NOW, THEREFORE BE IT RESOLVED, that the following financial policies are adopted:

Article I. Budgeting policies.

The objective of the Todd County Budgeting Policy is to set forth a standardized procedure which will ensure the fiscal solvency of the County from year to year. The budgeting process is a process by which the County will lay out accountability framework and define resources which will be dedicated to achieving goals as set forth by the elected officials of the County.

Section 1.01 Preparation of budgets.

- (a) Budgets will be prepared to the level of line item detail, and line item detail will be included with the budget passed by the County Board for reference.
- (b) Budgets will be submitted to the County Board for approval at the major object level of detail for revenues and audit program area for expenditures.
- (c) The County Administrator is responsible for preparation and coordination of an executive budget for presentation to the County Board.
- (d) The County Administrator will prepare personnel cost projections for all departments in accordance with staffing plans and negotiated salary and benefit changes.
- (e) Expenditure budgets must reflect actual projected costs of operations for the future budget year. The addition of extra amounts in operational line items for unspecified purposes, or the purpose of carry-over is discouraged.

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- (f) Expenses for all discretionary line items must be justified and have a public value purpose. For example, resources budgeted for conferences and dues require a stated purpose and bring definite value to the County by providing education or networking opportunities.
- (g) Revenues shall be projected by Department Heads in cooperation with the County Administrator at a level which is deemed reliable.
- (h) The Department Head and County Administrator must agree that the projected revenues are believed to be reasonable and attainable.
- (i) Revenues which are projected must be actual projected revenues from another source such as another government unit, a fee base, levy or transfer.
- (j) Revenues must be presented in the most disaggregated manner which is possible and efficient to provide for ease of analysis and reduce the possibility for error in projection.

Section 1.02 Budget amendments.

- (a) Budget amendments are required when it is apparent that the budget which was approved by the County Board must be changed to meet the needs of the County.
- (b) Budget amendments must be prepared by the Department Head and submitted to the County Administrator and the County Auditor-Treasurer.
- (c) Budget amendment authority is delegated by the County Board as follows (no board action is required provided the conditions are met):
 - (i) Administrative budget amendments are never permitted to increase the amount available for salaries and benefits, or to increase the amount available for capital purchases.
 - (ii) Department Heads may amend the budget under their authority under the following conditions:
 - 1) There is no requirement for unbudgeted financing, and
 - 2) The total shift is less than 1% plus \$500 of the department's total budgeted levy funding, and
 - 3) The amendment does not shift budgeted expenses to a different category of expense
 - 4) The total amount of the shift is less than \$10,000.
 - (iii) The County Administrator may amend any County Department budget under the following conditions:
 - 1) There is no requirement for unbudgeted financing, and
 - 2) The total shift is less than 3% plus \$500 of the department's total budgeted levy funding, and
 - 3) The total amount of the shift is less than \$20,000.
 - (iv) The County Board of Commissioners may amend any County Department budget at their discretion upon receipt of a budget amendment request and it is voted on by a quorum of the County Board at a public meeting.

Section 1.03 Budgeting fund balance or reserves policy.

- (a) The use of fund balance or reserve dollars to fund operations is discouraged. Appropriate use of fund balance financing is defined by the County Board.
- (b) At the County Board's discretion, fund balance or reserves may be used for expenses defined as "one-time" or capital expenses.

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- (c) Use of fund balance or reserve dollars for operational expenses is strongly discouraged.
- (d) The County Board must be aware of any proposed financing package which requires deficit spending, regardless of the amount, nature or disposition of funds.
- (e) Deficit spending must not be budgeted as a revenue.

Section 1.04 Capital improvement plan (CIP) policy.

- (a) The County Board believes that long range capital planning and capital budgeting is integral to the success of the County in providing services as required based on growth of the County and changes in demographics or need.
- (b) Capital budgeting shall be founded upon needs assessment of the community served by the County, and the capital resources required to provide those resources.
- (c) The County shall maintain CIP's for the County Buildings and facilities as a whole, as well as any department which maintains capitalized, fixed or depreciable assets. Technology purchases will also be maintained separate from other CIP's.
- (d) The CIP will be maintained and prepared by the County Administrator and Department Heads with recommendations for priority of projects.

Section 1.05 Borrowing policy.

- (a) The County Board directs that borrowing be considered as a financing option only if the use of borrowed funds is limited to capital expenditures which are considered to be "one-time" expenditures.
- (b) The County Board directs that any planned or proposed purchase over \$5,000 be proposed to the County Administrator for review. The County Administrator will make a recommendation to the County Board regarding the purchase including recommendation to borrow, pay cash or to disapprove the purchase.

Article II. **Purchasing and contracting policies.**

The County Board of Commissioners shall be the final authority with regards to all County purchases. The County Board shall exercise this authority by approving at a regular County Board meeting all warrants and payments as prepared by the Auditor-Treasurer, except in the case of Health and Human Services expenditures, which will be approved at Health and Human Services Committee meetings. This policy shall delegate authority for County Employees to make purchases on behalf of the County Board.

The County Board recognizes that in order to ensure efficient operation of the County from day to day that it is not prudent to require County Board action for all purchases. In delegation of this authority the County Board is placing trust and confidence in the County Administrator and Department Heads to use their discretion when considering purchases.

Section 2.01 Centralized purchasing.

In accordance with Minnesota Statute §375.72 the County Board has established and funded a County purchasing department.

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- (a) The County Administrator is responsible for the centralized purchasing function for the County including budgeting and administration. The County Administrator is authorized on an annual basis to engage with a supplier for basic office supplies which are commonly used throughout the County. Most typical office supplies are included. All departments must purchase appropriate supplies through the centralized department.
- (b) All Technology purchases will also be made centrally, including copier leases, copiers, printers, computers and technology supplies.
- (c) Specifically exempted from this policy are items which are specific to certain departments including:
 - (i) Medical supplies
 - (ii) Heavy machinery and parts
 - (iii) Shop supplies
 - (iv) Program specific supplies
 - (v) Elections materials and state/federal/other agency forms
- (d) It shall generally be the responsibility of the County Administrator to determine if a supply will be purchased centrally within the parameters of this policy.
- (e) The Purchasing Department shall be responsible for:
 - (i) Tracking purchasing expenditures by department and billing to departments as necessary
 - (ii) At the request of a department, searching for a best price for a good or service needed for the operations of the County
 - (iii) Annually determining a vendor to supply basic office supplies to the County
 - (iv) Managing the purchasing budget and generally administering the program
 - (v) Determining which supplies will be available for purchase, and which supplies will require special request

Section 2.02 General purchasing policy and authority.

The County Board delegates purchase authority for budgeted non-capital expenditures as follows:

- (a) The County Administrator may authorize purchase of equipment listed in the approved capital improvement plan. This authorization does not extend to infrastructure construction.
- (b) The County Board does not consider a large order of small capital equipment in aggregate. For example, an order of five technology items each costing \$100 each is, for the purposes of this policy, considered five separate \$100 purchases.
- (c) Department Heads may authorize expenditures up to \$5,000 without prior County Board approval.
- (d) The County Administrator may authorize expenditures up to \$10,000 without prior County Board approval.
- (e) Expenditures that are detailed specifically in the line item budget (e.g. road salt), are considered authorized through the budget up to the amount specified.

Section 2.03 Contracts and Grant Agreements

- (a) The County Administrator is authorized to execute contracts for the purpose of purchasing services, providing services, or obtaining price guarantees on behalf of the County Board. The County Administrator may delegate specific authority to Department Heads as deemed appropriate.

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- (b) The County Administrator is authorized to apply for any grant funding intended to further the mission, vision or values of the County Board.
- (c) A Department Head or the County Administrator may accept any grant on behalf of the County Board under the following conditions:
 - (i) The acceptance amount is at or below the appropriate purchasing authority, and;
 - (ii) The grant will not require a new full time equivalent position or more to be authorized.

Section 2.04 Credit card purchasing policy.

- (a) The County Board will authorize the use of a County credit card pursuant to Minnesota Statute §375.171.
- (b) The County will maintain an account with a bank approved by the County Board of Commissioners. County Department Heads may have a card issued in their name at the discretion of the County Administrator. The County Administrator will set appropriate policies and procedures to ensure appropriate use of these cards.
- (c) The County Administrator may determine an appropriate number of county wide Credit Cards. County Wide cards may be kept in the custody of the Auditor-Treasurer or County Administrator.
- (d) The credit card can be used by any County employee for County business. Priority for use will be given to those employees traveling outside of the County. The Credit Card may be used to place supply orders, make reservations, and pay registrations or dues or other expenses at the discretion of the purchasing authority.
- (e) The credit card must be checked out and the purpose written down for which it is being used. The employee who checks out the credit card is responsible for its return and ensuring that all charges on the credit card are properly documented.
- (f) Under no circumstances will the credit card number or other vital information be written down and used over the internet or phone. All purchases on the credit card must be made while the card is signed out by and in the possession of the employee making the purchase.
- (g) When the credit card is brought back, it must be signed back in to the possession of the Auditor-Treasurer's office or County Administrator's office.
- (h) When the credit card statement comes in each month, the receipts will be compared to the itemized list on the statement. The bill is paid and the copies of paperwork and receipts are attached to the claim.
- (i) Violations of this policy or misuse of the County credit card will result in employee discipline up to and including termination of employment.

Section 2.05 County charge accounts.

For purposes of efficiency, the County may elect to maintain charge accounts at certain businesses throughout the County. All charge accounts must be approved by the County Administrator and reported to the Auditor-Treasurer. Whenever possible, charge accounts should be avoided.

Section 2.06 Non-budgeted expenditures.

All non-budgeted expenditures must be approved by the County Board at a public meeting.

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Article III. Collections.

- (a) Accounts receivable are generated by products sold or services rendered to the public. It is the responsibility of all Department Heads to make every effort to collect monies owed to the County in a timely manner.
- (b) Department Heads will ensure that invoices for products and/or services are delivered as soon as practicable to the debtor. Statements will be sent to debtors who have not paid within 30 days of invoicing.
- (c) If the outstanding balance remains unpaid for 90 days or more the following one of the following remedies may be used for collection:
 - (i) Turn it over to a collection agency authorized by the Board of Commissioners, or the agency used by the County Jail;
 - (ii) Assess it to the taxpayer's property if authorized under Minnesota Statute §429.101;
 - (iii) Revenue recapture;
 - (iv) File a claim in small claims court.
- (d) If the debt remains unpaid for longer than one year, and it is reasonable to presume that the debt will not be resolved, and the debt is less than \$10,000 the County Administrator may write off the bad debt. For debt amounts greater than or equal to \$10,000 the County Board must act to write off a debt.

Article IV. GASB 54 Compliance

Section 4.01 Purpose

The purpose of this policy is to provide a stable financial environment for Todd County's operations that allows the County to provide quality services to its residents in a fiscally responsible manner designed to keep services and taxes as consistent as possible over time. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

Section 4.02 Classifications of Fund Balance.

Todd County recognizes the following classifications of fund balance:

- (a) **Non-spendable Fund balance** includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g, inventory, pre-paid items, permanent scholarships).
- (b) **Restricted Fund Balance** includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).
- (c) **Committed Fund Balance** includes amounts constrained for a specific purpose by a government using its highest level of decision making authority. The board resolution establishing the commitment must occur prior to year end however the final amounts can be determined subsequent to year end.
- (d) **Assigned Fund Balance** includes general fund amounts constrained for a specific purpose by a governing board (or it can be constrained by an official that has been delegated authority to assign amounts by the county board).
- (e) **Unassigned Fund Balance** is the residual classification for the general fund.

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- (i) The County's Unassigned General Fund Balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the County Board.
- (ii) Fund Balance of the County may be committed for a specific source by formal action of the Todd County Board. Amendments or modifications of the committed fund balance must also be approved by formal action of the Todd County Board.
- (iii) When it is appropriate for fund balance to be assigned, the Board delegates authority to the County Auditor/Treasurer, upon approval of the County Administrator.
- (iv) In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, 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.

Section 4.03 Implementation.

- (a) Fund balances shall be reported annually on the County's financial statements in accordance with applicable laws.
- (b) All non-spendable fund balances shall first be identified and reported (as required and in accordance with GASB #54), then;
- (c) All restricted fund balances shall be identified and reported (as required and in accordance with GASB #54), then;
- (d) All committed fund balances shall be identified and reported (in accordance with GASB #54),
 - (i) For special revenue funds, the county board's policy is to report any fund balance remaining after non-spendable or restricted have been identified is to report the remaining fund balance as committed for the applicable funds' purpose, then;
- (e) In the General Fund, assigned fund balance shall be identified and reported as prepared by the Auditor-Treasurer and approved by the Administrator.
- (f) All remaining fund balances shall be identified as unassigned. The General Fund is the only fund that is permitted by GASB #54 to report positive unassigned fund balance and all other funds are only permitted by GASB #54 to report negative unassigned fund balance if the circumstances dictate.