



Board of County Commissioners Agenda Request

5A
Agenda Item #

Requested Meeting Date: January 10, 2017

Title of Item: Discussion of Reserving Budgeted Funds

<input type="checkbox"/> REGULAR AGENDA	Action Requested:	<input type="checkbox"/> Direction Requested
<input type="checkbox"/> CONSENT AGENDA	<input type="checkbox"/> Approve/Deny Motion	<input checked="" type="checkbox"/> Discussion Item
<input type="checkbox"/> INFORMATION ONLY	<input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Hold Public Hearing* <i>*provide copy of hearing notice that was published</i>

Submitted by: Patrick Wussow, Interim County Administrator	Department: Administration
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Presenter (Name and Title): Patrick Wussow, Interim County Administrator	Estimated Time Needed: 15 minutes
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Summary of Issue:
Discussion of previous and current policies related to allocation of fund balance.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:

Financial Impact:
Is there a cost associated with this request? Yes No
What is the total cost, with tax and shipping? \$ See attachments.
Is this budgeted? Yes No *Please Explain:*

Nicole Visnovec

From: Patrick Wussow [patrick.wussow@co.aitkin.mn.us]
Sent: Thursday, January 05, 2017 2:01 PM
To: Nicole Visnovec
Subject: Board action sheet is where I need to attach this to

SUBJECT: 8.12 RESERVING BUDGETED FUNDS

Effective: 11/28/00

PURPOSE:

To set up procedures for reserving budgeted funds in the most fiscally responsible manner.

Note: In order to reserve funds during the current calendar year for equipment or projects that were not completed during that fiscal year, but will be completed during the following calendar year, those items must not be budgeted for in the following year and must not be moved from one line item to another. Additionally, the items must be for a specific use and not generalized.

PROCEDURE:

- The County Administrator will distribute a memorandum soliciting requests of reserves during the month of December.
- The Department Heads will submit an itemized list of items not completed during the current calendar year, with the budget and line item necessary to complete the project. All previously reserved monies must be included within the budget. The Department Head must certify that these requested items cannot be completed during the following fiscal year without these reserves and that the item has not been budgeted for in the following years budget.
- The County Administrator will review these requests and present the requests to the County Board prior to the end of each fiscal year.
- The County Board will act on these requests prior to the end of each fiscal year such to not hinder the fiscal health of Aitkin County and to uphold their fiscal responsibility to the taxpayers of Aitkin County.
- Any items not completed within the time period will be returned to the fund they were generated from at the end of the fiscal year they were reserved for.

Section F.	Downloading From Bulletin Boards And Online Services	17
Section G.	Retention And System Back-Ups	18
Section H.	Appropriate Use, Inappropriate Use And Personal Use Of Information Systems.....	18
Section I.	Monitoring.....	21
Section J.	Harassment.....	22
Section K.	Employee Acknowledgement For Information Systems' Usage	23
Article IV	Accounting, Finance and Purchasing.....	24
Section A.	Accounting, Auditing and Financial Reporting.....	24
Section B.	Budget	25
Section C.	Change Funds	27
Section D.	Revenue and Collections.....	27
Section E.	Disbursements	27
Section F.	Fixed Assets.....	27
Section G.	Capital Improvement Plans	29
Section H.	Purchasing.....	29
Section I.	Contracting.....	30
Section J.	Fund Balance and Reserves.....	31
Section K.	Investments.....	33
Section L.	Debt	34
Section M.	Credit and Purchasing Cards.....	35
Article V	Facilities	38
Article VI	General Government	39
Article VII	Environment, Natural Resources and Land Management.....	40
Article VIII	Public Health and Wellbeing.....	41
Article IX	Infrastructure.....	42
Article X	Public Safety	43
Section A.	Animal Control Authority, Dangerous Dog Hearing Officer	43

Subd. (4) From time to time, opportunities may arise to manage the County's expenses down by taking immediate action on an existing contract which exceeds the delegated authority of the County Administrator. In these rare circumstances, the County Administrator is authorized a reasonable amount of discretion to exceed the dollar limit, but not the duration limit, in this policy when it is documented that waiting until the next County Board meeting to approve a contract amendment or change order will likely cost the County a greater amount. In these circumstances, the Department Head requesting the purchase and the County Administrator should be in agreement, and the request shall be submitted to the County Board at the next regular County Board meeting.

Subd. (5) The County Highway Engineer has the authority to execute change orders and contract modifications deemed reasonable by the Engineer and within the scope of the project approved by the County Board. The Engineer must use discretion; taking in to account the scope of the project, the total cost of the project compared to the change order and the resources available.

Section J. Fund Balance and Reserves

Subd. (1) Fund Balance Policy

(a) The County aims to maintain a year end, unrestricted fund balance of at least 42% of the following year's budgeted expenditures on all governmental funds. For the purposes of this policy, the General Fund, HHS Fund and Highway Fund shall be combined; all other governmental funds shall be calculated separately.

Subd. (2) Designation of Fund Balance, GASB 54

(a) The County shall follow the MN State Auditor's Statement of Position on GASB 54 and such updates as may be made from time to time.

Classification	Definition	Examples
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact	<ul style="list-style-type: none"> • Inventories, • Prepaid items, • Long-term receivables
Restricted	Fund balance should be reported as restricted when constraints placed on the use of resources are either: a. Externally imposed by creditors (such as	<ul style="list-style-type: none"> • Restricted by state statute, • Unspent bond proceeds, • Grants earned but not spent, • Debt covenants,

	<p>through debt covenants), grantors, contributors, or laws or regulations of other governments; or</p> <p>b. Imposed by law through constitutional provisions or enabling legislation</p>	<ul style="list-style-type: none"> • Taxes dedicated to a specific purpose, and • Revenues restricted by enabling legislation
Unrestricted - Committed	Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority	<ul style="list-style-type: none"> • The governing board has decided to set aside \$1M for a road construction project. • Property tax levies set for a specific purpose by resolution
Unrestricted - Assigned	Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed	<ul style="list-style-type: none"> • Governing board has set aside \$2 million for a county project and the county administrator may amend this up to \$100,000. • Governing body delegates the authority to assign fund balance to the finance officer. • Governing board has appropriated fund balance often to balance next year's budget. • Positive residual balances in governmental funds other than the general fund.
Unrestricted Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned	

(b) The County Administrator is delegated the authority to assign unrestricted fund balance for planning purposes, this authority does not grant authority to expend funds not budgeted by the County Board.