



BUDGET POLICY

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**Adopted by County Board
August 13, 2013
Amended December 17, 2024**

Our Vision: Being Minnesota's favorite place.

Our Mission: Serve well. Deliver value. Drive results.

Our Values: Be responsible. Treat people right. Build a better future.

BUDGET POLICY
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I. BUDGET POLICY STATEMENT OF PURPOSE

The purpose of this policy is to establish procedures to facilitate the review, discussion, modification and adoption of a proposed budget in order to provide the best value to citizens of the County.

II. SCOPE

The County Board adopts estimated revenue and expenditure budgets for all Governmental Funds: General, Special Revenue, Debt Service, Capital Project, and Permanent. The County also budgets for the Landfill Enterprise Fund. All budgets are reported in the Annual Budget and Capital Improvement Plan. Budgetary Comparison Schedules are reported in the Annual Comprehensive Financial Report (ACFR) for all budgeted funds except the Landfill Enterprise Fund.

III. BUDGET PERIOD AND BASIS OF BUDGETING

All budgets shall be adopted annually on the cash basis of accounting. The ACFR is prepared in accordance with GAAP using the modified or full accrual basis of accounting, as appropriate by fund type.

IV. BALANCED BUDGET

Financial planning policies and practices will be designed to maintain a commitment to a structurally balanced budget. Generally, the County shall adopt a structurally balanced budget for each fund in which this policy covers. A budget shall be considered structurally balanced when revenues equal or exceed expenditures. If an unplanned structural imbalance occurs, a plan will be developed and implemented to bring the budget back into structural balance. Certain types of operating expenditures are encouraged by the County Board, as follows:

- (1) Expenditures that delay future cost increases.
- (2) Investments that forestall adding permanent staff.
- (3) Commitments that can reasonably be maintained over the long term (as opposed to commitments where future funding sources are questionable).

When deemed appropriate by the County Board, the County may adopt a budget that is not structurally balanced. Such budgets will result in a planned usage of fund balance or fund balance growth.

V. BUDGET FORM AND INFORMATION

The budget shall be constructed around the County Board's vision for the long-term direction of County services and the associated desired culture and environment. As part of the annual budget process the County's departments shall create narratives that describe their goals and objectives both previously achieved and yet to be achieved.

VI. LONG-TERM FINANCIAL FORECASTS

The County recognizes the importance of long-term strategic planning, as evidenced by the Long-Term Financial Plan (LTFP), a non-binding assertion of future intent. Similarly, the County recognizes that prudent financial planning considers the multi-year implications of financial decisions. The County shall maintain a long-term financial focus in its financial planning that is mindful of the long-term objectives of the County.

VII. EXAMINATION OF SPENDING PATTERNS

The County seeks to maximize the value the public receives through its spending. Accordingly, staff should develop budget tools and methods to measure outcomes and maximize value, particularly by critically examining existing spending patterns to ensure they continue to provide value.

VIII. PRIORITY OF SERVICES

Essential services will receive first priority for funding. The County desires to maintain current service levels for all services; however, if necessary, the County will reduce or eliminate low-priority services before essential services. Priority will be determined by the County Board after analysis and consideration of financial information, social benefit, state or federal requirements, or other factors contributing to the importance of a program or service.

IX. FUNDING OF LIABILITIES

The budget will provide sufficient funding to cover annual debt retirement costs in order to maintain the trust of creditors and avoid accumulating excessive liabilities over the long-term.

X. BUDGET PROCESS

The County is committed to timely certification of the levy in accordance with Minnesota Statute § 275.07, Subd. 1. To ensure timely certification, a Budget Calendar will be developed by Financial Services annually. Generally, the budget process will proceed as follows:

March - April	Departments provided with operating and CIP budget information and meetings held with Finance Director and CIP Advisory Committee.
March – June	Departmental operating and CIP budget preparations.
July - August	Operating and CIP budget updates and presentations to the Budget Committee.
On or Before September 30th	County Board to certify preliminary tax levy.
October - November	Finalization of operating and CIP budgets.
December	Budget and levy public hearing held in accordance with State statute.
On or Before Five Working Days after December 20th	Certification of the final levy and budget.

XI. BUDGETARY MONITORING

Department heads are responsible for monitoring their monthly budget information. Financial Services will maintain a system for monitoring the County's budget performance. This system will provide the County Board with quarterly budget updates. Included will be provisions for amending the budget during the year in order to address unanticipated needs, emergencies, or compliance issues. Budget amendments requiring County Board approval will occur through a process coordinated by Financial Services. Significant financial issues that need to be addressed between regular monitoring reports will be provided to the County Board as warranted.

Following the fourth quarter review, a comprehensive annual review will be undertaken. An annual budget summary will be presented to the County Board for analysis. The County Board shall review differences between budgeted and actual revenues and expenditures and assess the County's ability to effectively plan and accurately budget. Any recommendations will be considered during the following budget cycle.

In addition, departmental budget status will be reviewed quarterly by the County Administrator and the CIP project budgets will be reviewed semi-annually by the Budget Committee.

XII. LEVEL OF CONTROL

For all funds, the level of control (i.e., the level at which spending cannot exceed the budgeted amount without County Board approval) is at the department level for each fund for which a budget is adopted. However, the following three exceptions apply to this departmental budgetary authority:

- (1) Non-budgeted personnel requests (i.e., new positions, revised FTEs that change one classification for another without increasing the total number of FTEs in the department) require Personnel Committee and County Board approval.
- (2) Non-budgeted capital assets (assets in excess of \$15,000) require Budget Committee and County Board approval.
- (3) Non-budgeted capital projects or grant projects require Budget Committee and County Board approval.

The County Administrator or his/her designee is delegated the authority to fill newly created employee classifications or remove incumbents from existing classifications that have been eliminated from the adopted budget.

- (1) Departments that have received County Board approval for budgets that include new positions and revised FTEs (revisions that change one classification for another without increasing the total number of FTEs in the department) will not have to request County Board or Personnel Committee approval prior to hiring individuals to fill those positions. The position filled shall be the same position previously approved by the County Board.
- (2) Departments that have received County Board budgetary approval for *itemized* current year capital expenditures in the Capital Improvements Plan will not have to request subsequent County Board approval for those expenditures, unless the item exceeds \$100,000, requires a competitive bid process, or is subsequently revoked by the County Board. This departmental authority is limited to the original scope of the itemized capital expenditure as approved in the Capital

Improvements Plan. Reallocation of capital asset expenditures shall occur in accordance with the Asset Management Policy

The ultimate authority for determining budgetary priorities rests with the County Board.

XIII. AMENDMENTS TO THE BUDGET

A. “NO NET EFFECT” ADJUSTMENTS

Amendments which do not affect the County’s net increase or decrease to fund balance (i.e., increased expenditures offset by increased revenues) may be made by departments following approval by the County Administrator or the Budget Committee. Such amendments shall conform to overarching County Board intent and policy and shall not be used as a means to redirect resources in order to avoid scrutiny.

In instances where a department receives County Board approval to accept a previously unbudgeted grant and incur previously unbudgeted expenditures, a corresponding budget amendment will be made by the respective department.

B. BUDGET ADJUSTMENTS

Amendments to the budget affecting the County’s net increase or decrease to fund balance require approval of the County Board. Such amendments may require a Budget Amendment Form (see Note XIV of this policy).

XIV. BUDGET AMENDMENT FORMS

A Budget Amendment Form shall be required when a budget amendment will occur due to the implementation of new programs or grants; increases in services provided will affect revenues or expenditures; requesting additional staff or reclassifications of existing staff; or requesting the purchase or construction of capital items. These forms will be required while taking into consideration current and future costs.

These forms may also be requested by the County Board or County Administrator at any time for any amount.

The Budget Amendment Forms shall:

- (1) estimate the increase or decrease in revenues or expenditures,
- (2) include the costs that may be absorbed without additional funds,
- (3) include the assumptions used in determining the cost estimates, and
- (4) specify any long-range cost implications.

The Budget Amendment Forms should be factual, informative, and concise, with estimates that are transparent, adequately explained, justified, and documented. It is to be *objective* and not used to influence an outcome.

A. COMPONENTS OF THE BUDGET AMENDMENT FORM

The following four components are required in a Budget Amendment Form:

(1) Heading

This component includes the amendment title, project number, date, project category and department.

(2) Fiscal Impact Indicators

This component indicates whether the revenue/expenditure change is a one-time change, or is ongoing.

(3) Fiscal Implications

(a) This component provides a summary estimate of revenues and expenditures. Forecasts revenues and expenditures at a minimum of five years or the length of the activity requiring the amendment, whichever is shorter. During a partial year, forecasts should include the portion of the year remaining and four full subsequent years.

(4) Supporting Narrative

The supporting narrative component is made up of the following five sections:

(a) Section 1 – Summary

This section provides a brief description of the purpose of the budget amendment with an emphasis on the portion of the project/service that creates the fiscal impact.

(b) Section 2 – Long-Term Fiscal Considerations

This section indicates whether the estimated fiscal impact will continue beyond the initial forecast period. This could include either a quantification of the fiscal impact or an explanation of the long-term fiscal considerations.

(c) Section 3 – Effect on Other Departments

This section indicates whether the estimated fiscal impact will affect other departments within the County.

(d) Section 4 – Benefit Analysis

This section describes the benefit derived from the project/service that created the fiscal impact.

(e) Section 5 – Assumptions

This section explains the assumptions and methodology used to develop the estimate. Explanations should be clear, transparent, reasonable, justifiable, documented, and easily understood by readers.

(f) Section 5 – References and Sources

This section identifies staff and departments, and other entities, supplying information used to complete the Budget Amendment Form.

B. COMPONENTS OF THE PERSONNEL BUDGET AMENDMENT FORM

The following three components are required in a Personnel Budget Amendment Form:

(1) Heading

This component includes the amendment title, department, position title, dates, amendment type, type of position, and number of positions.

(2) Evaluation Questions

(a) Which department is requesting this position?

- (b) What is the business need for requested position and is there a vacancy?
- (c) Brief explanation as to why this position was not submitted in the previous or current budgeting cycle.
- (d) Description of the work this position will be assigned.
- (e) How will this position be funded for current and future years and how will this position be absorbed/released when funding sources cease?

(3) Fiscal Implications

This component does the following:

- (a) Provides a summary estimate of new position and existing position expense details including position title, grade, hours per pay period, hourly rate, number of positions, annual salary, and benefits.
- (b) Provides revenue funding sources for positions.
- (c) Forecasts revenues and expenditures at a minimum of five years or the length of the activity requiring the amendment, whichever is shorter. During a partial year, forecasts should include the portion of the year remaining and four full subsequent years.
- (d) Provides departmental account allocations for position.

C. BUDGET AMENDMENT FORMS PREPARATION

Budget Amendment Forms are to be initially prepared by the department requesting the change. Financial Services is available to assist departments with the preparation of the forms. All budget amendment forms shall be reviewed and approved by the Senior Manager and Financial Services for accuracy, objectivity, completeness, and format before submission to the Budget Committee and the County Board. All personnel budget amendment forms shall be reviewed and approved by the Senior Manager, Human Resources Department, and Financial Services for accuracy, objectivity, completeness, and format before submission to the Personnel Committee and the County Board. All budget amendment forms will be reviewed by the County Administrator for accuracy, objectivity, completeness, and format before submission to the Budget Committee, Personnel Committee, and the County Board.

XV. BUDGET POLICY ADOPTION

The County's Budget Policy shall be adopted by resolution of the County Board. The policy shall be reviewed on a biennial basis by the Budget Committee and any modifications made thereto must be approved by the County Board.