

Resolution No. 6-0509
IOWA COUNTY
STATEMENT OF POLICY ON THE ESTABLISHMENT
AND MAINTENANCE OF A DESIGNATION FOR
WORKING CAPITAL

Adopted by County Board Resolution

Dated May 19, 2009

Policy Basis/Rationale

The Iowa County Board of Supervisors is charged with protecting the public interest. In this protective role, it is in the best interest of the Supervisors to have proper methods in place to safeguard the assets of Iowa County. Supervisors must use sound business logic in stabilizing the tax levy. The following items are considered critical for improving the financial stability of Iowa County:

- A. Preventing the arbitrary application of unreserved, undesignated funds to offset the tax levies of various funds, the practice of which endangers the financial health of the county.
- B. Maintaining the highest possible bond rating to reduce the cost of long-term borrowing to the taxpayers.
- C. Providing sufficient cash flow for the operations of the County under all normal conditions and under most unusual conditions without having to go to the market for short-term borrowing.
- D. The ability to earn interest on its funds in order to have direct reduction of property taxes.

To address these critical items, this policy shall determine an appropriate level of unreserved fund balances and retained earnings and shall prescribe maintenance of the levels in accordance with the changing operations of the County.

Procedure

Concepts used in the formula:

Three (3) categories of funds should be included in the formula:

- 1. The general operating fund of the County – the General Fund.
- 2. Any fund requiring a tax levy with which to operate (i.e. Special Revenue, Debt Service, Capital Projects and Enterprise).
- 3. Any fund that needs the pooled cash concept to operate.

The **unreserved/undesignated fund balance** is the only portion that shall be used in the calculation.

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The total expenditure budget from the required funds shall be used to calculate the working capital level required. An adopted base of twenty point zero percent (**20.0%**) of the total expenditure budgets of the required funds shall be set. **(The adopted base is the point which the County strives to not let the fund balance reserve drop below in order to maintain adequate working capital. If this would happen then steps would be taken during the next fiscal year to replenish the fund balance reserve to the adopted base.)** The total expenditure budget from these funds shall include all operating expenditures, debt service and outlay. The upper limit of twenty five point zero (**25.0%**) of total expenditure budgets of the required shall be set. **(The adopted upper limit is the point which the County would not want the fund balance reserved for working capital to go above. This would also be the point where any amount in excess of the upper limit would be a consideration for application to the tax levy or other purpose deemed appropriate by County Board (i.e., capital project).)**

The formula shall have the flexibility to change as the operation for Iowa County changes.

The Fund Balance Designated for Working Capital for all funds shall be recorded in the General Fund.

The formula is as follows:

1. Determine amount of total budget expenditures (including outlay and debt service) for upcoming budget year including General Fund, Special Revenue Funds, levied Enterprise Funds, Debt Service, and levied Capital Projects Funds.
2. Multiply by **adopted base percentage specified in policy.**
3. The product is the **required working capital level.**
4. List the prior year's audited unreserved, undesignated fund balance.
5. Enter the current year's estimated actual addition to or use of fund balance. This is the net of current year revenues and expenditures projected to year-end level.
6. Enter the amount of budgeted use of, or addition to, fund balance for the upcoming year.
7. Add the amounts in 4, 5 and 6 to project current year-end unreserved, undesignated fund balance.

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8. Subtract amount from step 3 from amount from step 7.

9. The net difference from step 8. If positive, this is the amount available to offset future tax levies or other purposes as deemed appropriate by County Board (i.e., capital projects). If negative, this is the amount that should be funded during the present budget process.

10. Upper limit calculation, step 1 times upper limit of 25%.

Dated this 19th of May, 2009

Respectfully submitted by the Iowa County Administrative Services Committee

1	A	B	C	D
		Iowa County - Working Capital Calculations		
2	Calculation Step # in Working Capital Policy	2009 Adopted Budget - Expenditures - by Department		Adopted Budget 2009
3		General Fund Expenditures		
4		County Board		90,176.00
5		Contingency Fund - Wage & Fringe		332,768.00
6		Contingency Fund - Other Items		452,028.00
7		Economic Development Contribution		50,000.00
8		Resource Conservation & Development Council		15,167.00
9		Fire Suppression		1,000.00
10		S. W. Regional Planning		28,981.00
11		Teen Court		48,619.00
12		Clerk of Court Expense		402,758.00
13		Personnel Dept. includes Labor Attorney		116,164.00
14		Coroner		36,230.00
15		Finance		132,831.00
16		County Administrator		143,527.00
17		Information Systems		503,711.00
18		County Treasurer		214,629.00
19		County Clerk		137,886.00
20		District Attorney & Corp. Counsel		230,661.00
21		Register of Deeds		153,874.00
22		GIS - Land Records		87,145.00
23		Courthouse / Cty Owned Prop		229,330.00
24		County Farm		3,400.00
25		Insurance-liab & workers comp		462,600.00
26		Sheriff's Dept		3,123,243.00
27		Health Dept.		386,804.00
28		Veterans Service		128,871.00
29		Fair Expense		35,000.00
30		Historical Society Expense		7,500.00
31		Snowmobile/ATV		26,775.00
32		Planning & Development		253,285.00
33		Emergency Gov't		21,950.00
34		U.W. Extension		245,312.00
35		Land Conservation		388,155.00
36		Total General Fund Expenditures		8,490,380.00
37		Debt Service Fund Expenditures		
38		Bloomfield Addition Debt - Payments		95,624.00
39		Clean Water Fund Debt-Sewer		34,976.00
40		Total Debt Service Fund Expenditures		130,600.00
41				

	A	B	C	D
1		Iowa County - Working Capital Calculations		
2	Calculation Step # in Working Capital Policy	2009 Adopted Budget - Expenditures - by Department		Adopted Budget 2009
42		Special Revenue Funds Expenditures		
43		Social Services		3,182,882.00
44		Social Services - Hodan Expenses		-
45		Child Support		172,901.00
46		Commission on Aging		512,799.00
47		Unified Board		253,625.00
48		Sales Tax Fund		1,500,000.00
49		Tri County Airport		17,768.33
50		Iowa County Airport		199,959.00
51		Wisconsin River Rail Transit - Expenditures		26,520.00
52		Total Special Revenue Fund Expenditures		5,866,454.33
53		Capital Projects Fund Expenditures		
54		Capital Projects Fund Expenditures		87,500.00
55		Total Capital Projects Fund Expenditures		87,500.00
56		Enterprise Fund Expenditures		
57		Bloomfield Manor		6,191,055.00
58		Highway Department		5,845,748.67
59		Total Enterprise Fund Expenditures		12,036,803.67
60				
61	1	Total Expenditures for all Funds		26,611,738.00
62				
63	2 & 3	Minimum Working Capital Level - 20%		5,322,347.60
64	4-6 - see addendum A	Prior Year's audited unreserved, undesignated Fund Balance then projected for 12/31/2008		
65		General Fund	2,144,442.00	
66		General Fund - carryovers	361,988.00	
67		Sales Tax	1,940,406.00	
68		Unified Community Services	105,483.00	
69		Bloomfield - unrestricted	1,877,314.00	
70		Highway - unrestricted	-	
71	7	Total		6,429,633.00
72				
73	8	Subtract Minimum Working Capital Level - 20% from Projected current year-end unreserved, undesignated fund balance. See step 9 in the policy		1,107,285.40
74				
75				
76	10	Upper Limit of Working Capital Level - 25%		6,652,934.50
77				
78	10. a.	Subtract Upper Limit Working Capital Level - 25% from Projected current year-end unreserved, undesignated fund balance		(223,301.50)