FINANCIAL MANAGEMENT PLAN

Date Originated: 6/1/16
Date of Modifications: 08/21/18
Policy Number: 301

1. PURPOSE:
   To guide the decision making by both the elected and appointed officials and their consultants and to provide continuity as staff and supervisors change; to provide a cohesive framework upon which the decisions are made; to maintain the financial integrity of Iowa County.

2. ORGANIZATIONS AFFECTED:
   The County Board has overall responsibility for the enforcement of this plan with the County Administrator and the Finance Director having staff responsibility. All County Departments are expected to implement proper fiscal management as directed.

3. POLICY:
   1. DEBT MANAGEMENT
      i. The County will confine long term borrowing to projects and equipment that cannot be financed from current revenues. Generally, projects with a useful life of 5 years or less will not be funded from long term debt.
      ii. Bonds and notes issued by the County will not exceed the useful life of the projects and/or equipment.
      iii. Total levy supported general obligation debt will not exceed 2.5% of the County's equalized value.
      iv. Total levy supported general obligation debt will not exceed $2,500 per capita. Currently, all County debt is general obligation debt.
      v. Prior to adopting the annual capital budget, the County will evaluate the impact of the proposed issuance on the stated goals as well as the impact on the debt level.
      vi. When possible, the tax levy will be replaced with other revenues as a source for repaying the debt.
      vii. The County may issue any type of obligation authorized under Wisconsin Statutes. Prior to issuing bonds other than general obligation bonds, an analysis will be performed to determine the risks and benefits of the alternative financing and the impact of the financing on the County's credit position.

   2. CAPITAL IMPROVEMENT PLAN
      i. Capital improvements and capital expenditures are any items which are expected to have a useful life of 3 years or more and costing over $5,000. Items generally under $5,000 will be paid for by a tax levy in a department’s operating budget; items over $5,000 may be borrowed for. Capital improvements include:
         1) Capital equipment
         2) Public Works improvements
         3) Public buildings and grounds
         4) Department Heads will work with the County Administrator to outline a 5 year capital improvement plan for their department. These 5 year plans will be submitted to the County Administrator and Executive Committee for approval. The capital improvements will be subdivided into improvements which are to be levied for, paid for by sources other than tax levy, or borrowed for.
      ii. The County will attempt to budget a sum sufficient to cover maintenance cost for Public Works projects. The County intends to utilize its borrowing power primarily for capital projects that

would involve replacement of equipment, infra-structure, or installation of new infra-structure. In this way, it is believed that the protection of the County's borrowing power will be assured and that the borrowed funds would be used primarily for those projects that could be considered an investment in the County which would yield returns in the form of additional tax base or maintenance of values that currently exist and costing over $5,000.

3. FUND BALANCES
    i. Fund balances are the accumulation of income over expenses. The General Fund has both restricted and unrestricted fund balances. The restricted or designated fund balances can only be used for purchases of those items for which they have been restricted. Restricted fund balances have legal restrictions as required by grants, etc.
    ii. Fund balances should be maintained at a level which provides funds sufficient to pay County expenses without being subject to short term borrowing. The County commits to strive for a general undesignated fund balance equal to 25% of County budgeted expenditures from the previous year. For example, in 2015 25% is approximately $6,743,000. Fund balance in excess of 25% of the operating expenses will be transferred to the Capital Projects Fund.

D. LAND USE AND GROWTH
    i. It is the policy of Iowa County to welcome new growth and development to the County provided that it conforms to the County's Comprehensive Plan. In the event that incentives can be provided, these should be extended to development based upon its projected return to the County.

E. TAX RATE STABILITY
    i. The County commits to adhere to an operational budget plan, capital improvement plan, and debt management plan. These plans will provide a means for budgeting and financing that will assure the relative stability of its tax rate for governing purposes. This will help to avoid major tax increases in any single year. The principles outlined above are intended to set forth the County's philosophy related to fiscal management. The County Board and County Administrator recognize that circumstances change and that these principles must be reviewed annually. However, it is the intent of Iowa County to follow these general principles in order to assure the County's fiscal integrity and to maintain a high credit rating.

4. REFERENCES:
   County Borrowing and Bonds

5. PROCEDURES:
   The County Administrator shall introduce a five year Capital Improvement Plan annually to the Executive Committee before May of each year. By the end of June, the Executive Committee must approve and recommend a plan to the County Board. Staff will utilize the plan approved by the County Board to determine what capital expenses are included in the Capital Budget.