

**ORDINANCE 102 – 12/11**

**AN ORDINANCE TO REPEAL AND RECREATE S. 4.12 ENTITLED  
“LA CROSSE COUNTY FUND BALANCE POLICY” OF THE GENERAL CODE  
OF LA CROSSE COUNTY, WISCONSIN**

The County Board of Supervisors of the County of La Crosse does hereby ordain as follows:

**Section 1.** Section 4.12 is repealed and recreated to read:

4.12 LA CROSSE COUNTY FUND BALANCE POLICY. Fund balance is the difference between assets and liabilities as reported in the basic financial statements for governmental funds only. The following fund balance classifications exist:

(1) Nonspendable Fund Balance. Fund balance, or a portion of, which cannot be spent and meet one of the following definitions:

(a) Fund balance is not in spendable form and cannot be converted to cash. Examples include prepaid expenses, inventories, loans/notes receivable, delinquent taxes, and property acquired for resale.

(b) Fund balance is legally or contractually required to be maintained intact. Examples include the principal of an endowment fund.

(2) Restricted Fund Balance. Fund balance, or a portion of, exists when constraints are legally enforceable by external restrictions.

(a) Restrictions are imposed by law through constitutional provisions or enabling legislation. Payment must be used only for the specific purposes stipulated by legislation.

(b) Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments. Examples include:

1. Donations and grants received for a purpose specified by the donor or grantor until all conditions are satisfied.

2. Fund-raising activities where proceeds have been publicly committed to a specific project or defined purpose. Participant donations less related expenses shall be treated as restricted third party donors.

3. Unspent debt proceeds

4. Specific restricted amounts as listed in each specific governmental fund.

(3) Committed Fund Balance. Fund balance, or a portion of, may be used for a specific purpose based on formal county board action.

(a) Committed funds may not be used for any other purpose unless changed or amended by the same county board action creating the original commitments such as resolutions or ordinance.

(b) Commitments must be made prior to the end of the fiscal year regarding purpose, the amount may be determined subsequent to the fiscal year. Use of committed funds for intended purposes shall be authorized utilizing standard budgetary processes. Addition of funds for

commitments previously authorized shall be authorized in conjunction with budget adoption or year-end closing resolutions.

(c) The county uses encumbrance accounting which allows operating funds designated by a purchase order for a specific good or service to be carried forward into the next year's budget. Amounts not spent for the assigned good or service will lapse and not be included in the next year's budget for future spending purposes. An outstanding purchase order carried forward over year-end shall be considered a commitment.

(d) Donations and fund-raising activities not specifically restricted by a third party shall be considered committed. Those donations may be used for non-operating or recreational purposes by the department head or elected official of the department where the donations are received. Funds may be used within the confines of the budgetary processes.

(e) Specific commitments are listed below under each specific fund type. Commitments are only reported in the financial statements for governmental funds per Governmental Account Standards Board (GASB) Statement No. 54, "*Funds Balance Reporting and Governmental Fund Type Definitions*".

(4) Assigned Fund Balance. Fund balance, or a portion of, may be assigned by a government's intent to use funds for specific purposes provided neither a restriction nor commitment is applicable. The county board authorizes the Executive Committee to assign funds. The intent of the assigned funds may change with the appropriate approvals as decided by the Executive Committee. The following amounts shall be treated as assigned amounts at fiscal year-end.

(a) Budget assigned during the adoption of the budget for subsequent year expenditures in accordance with s. 4.12(8) of the County Code.

(b) Capital projects and grants that have not been completed and are not otherwise committed or restricted.

(c) Long-term receivables or amounts not collected in the first 180 days after fiscal year-end with no specified purpose or legal restriction exceeding \$25,000.

(d) All governmental funds other than the general fund shall report all non-specified fund balances as assigned due to the nature and purpose of the fund to exist for its intended purpose.

(5) Unassigned Fund Balance. Unassigned fund balance is the General Fund's available expendable financial resources that are not the object of tentative management plans. The county assigns the use of all governmental fund balances for specific and non-routine purposes only. All governmental funds may report a negative unassigned fund balance after first reducing all assigned fund balance available.

(6) Minimum Fund Balance. Minimum unassigned fund balance amounts shall be calculated on an annual basis following the acceptance of the annual audit. Temporary noncompliance with established minimums is permissible with the authorization of county board through the budget adoption process or specific county board action. Minimum fund balance is recorded as unassigned in the General Fund. All other governmental funds shall report minimum balance as assigned due to the nature and purpose of the fund to exist for its intended purpose. The Executive Committee, along with the County Administrator and Finance Director, will annually review and make recommendations to the County Board for the use of fund balance amounts not specifically committed or assigned. The use will be based on, but not limited to, the following guidelines:

(a) Capital expenditures. To the extent that a cash contribution to pay for all or part of the capital program will reduce the reliance on borrowed funds and future debt service costs.

(b) Prepayment of outstanding debt. To generate greater rates of return than refinancing and/or result in the immediate improvement of many important credit ratios.

(c) Start-up costs of new programs. Recurring start up costs for new programs contemplated by the county that are intended to improve the quality or efficiency of services if the costs are justified by the future cost efficiency of the services provided.

(d) Termination costs of ineffective or inefficient programs. Costs associated with elimination or privatization of ineffective or inefficient governmental services.

(e) Advance payment of multi-year obligation to achieve a discount. Prepayment of multi-year contractual obligations, which will result in savings to the County.

(f) Debt service expenditures. Payments of debt associated with the specific fund's capital expenditures or the entire county's debt expenditures for the use of general fund balance.

(g) Other nonrecurring expenditures. Other nonrecurring expenditures, which are expected to yield a positive financial return in the future, arise out of unforeseen circumstances, or are not expected to continue into future years.

(7) General Fund. The general fund shall be established as the chief operating fund for financial resources not specifically accounted for in other funds. The general fund unassigned minimum fund balance shall be between 30 to 50 percent of the total of the county's general fund expenditures. Use of unassigned funds may be made in accordance with s. 4.12(6).

(8) Budget Carry Forwards. Unless approved by the Executive Committee, every appropriation, except an appropriation for an authorized grant program, capital expenditure or a major repair, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for an authorized grant program, capital expenditure or a major repair shall continue to force until the purpose for which it was made has been accomplished or abandoned, as determined by the County Administrator and Finance Director. An appropriation is considered abandoned if 3 years pass without any expenditure form, or encumbrance of, the appropriation concerned.

**Section 2.** This ordinance shall take effect the day after passage and publication as required by law.

Dated this 21st day of December, 2011.

LA CROSSE COUNTY

By: \_\_\_\_\_  
Tara Johnson, County Board Chair

By: \_\_\_\_\_  
Ginny Dankmeyer, County Clerk

PASSED: 12/15/11  
PUBLISHED: 12/21/11