

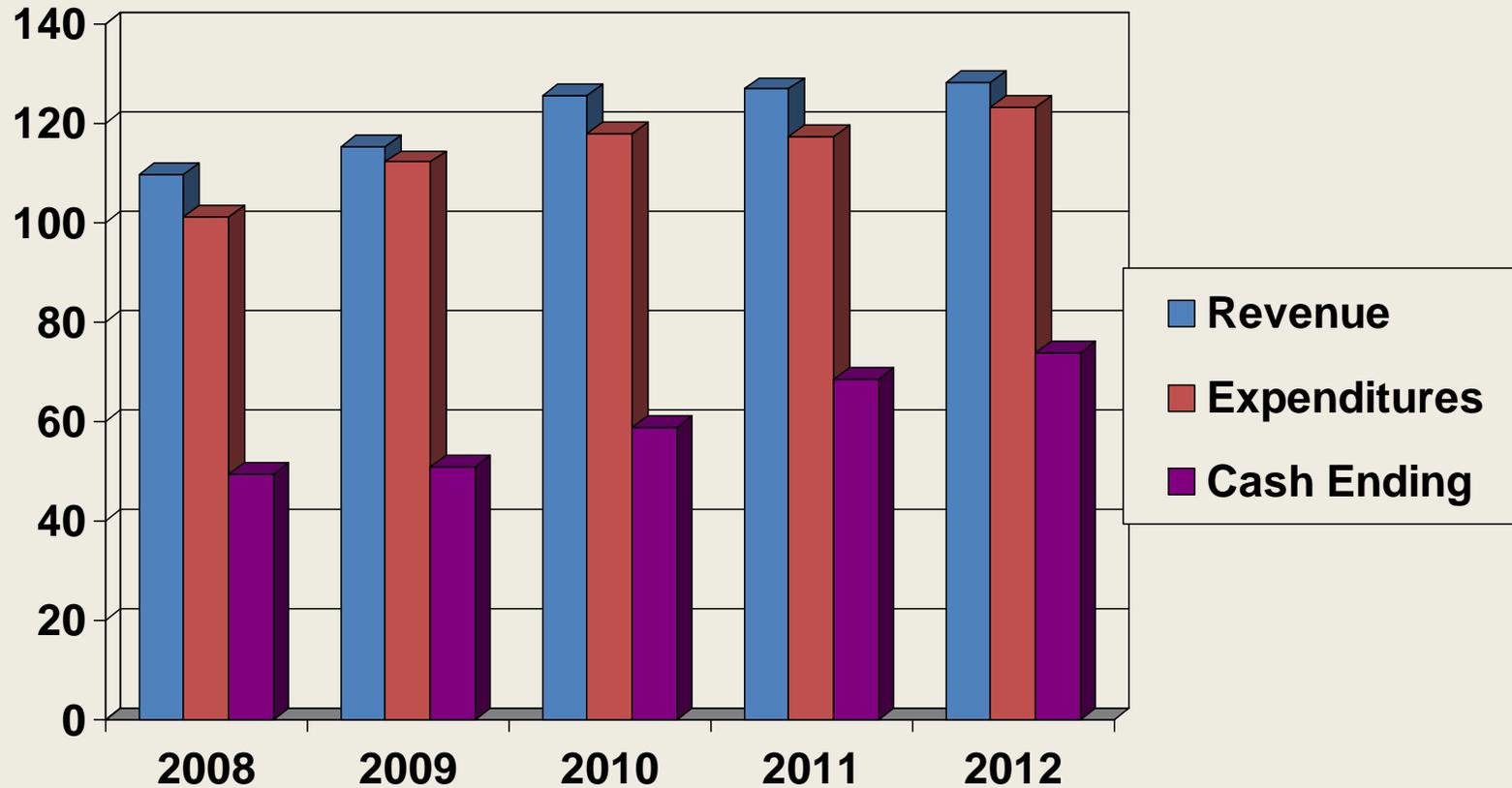
Cash Reserves Long Term Capital Improvement



WILLIAMSON COUNTY
OFFICE OF THE COUNTY AUDITOR
OCTOBER 30, 2012



CASH ENDING ANALYSIS



GF Tax	\$0.2750	\$0.2713	\$0.2899	\$0.2899	\$0.2899
Cash End	\$49.3M	\$51.0M	\$58.9M	\$68.6M	\$73.7M

2012 Year End Projection

	Gen Fund
Beg Fund Balance	\$68.6
Add Revenues	\$128.2
Sub Expenditures	\$123.1
End Fund Balance	\$73.7
Unavailable – Capital Lease	\$1.1
Change in Fund Balance	\$3.9



Smart Reductions of Cash Ending

- Annual Reductions of General Fund Cash Ending
 - One-Time, Extraordinary Expenditures
- Pragmatically Reducing Surplus Fund Balance over a multi-year period
- ***Annual 25% Reduction of Surplus Cash Ending over and above Required Fund Balance Policy***

Projected Fund Balance Comparing to Adopted Fund Balance Policy (\$M)

	<u>2012</u>
Annual Expenditures	\$126.90
30% Required per Policy	\$38.07
2012 Fund Balance	\$73.70
Surplus	\$35.63
25% of Surplus 1st Year	\$8.90

S&P Recommendation for Draw Down

- Be clear that any draw down will stay in line with stated policy levels, slower draws will allow the County to react better to any potential economic uncertainty or local issues that might be unexpected year-to-year, use funds for capital not operations.

Fitch Recommendation for Draw Down

- One time large draw downs may have an impact from the market's perception – surprising some investors who see it as a deterioration of financial strength, pragmatic draw downs may help to avoid any investor concern.

Rating Agency Summary

- Programmed draws over time simply appears to be the more conservative approach according to both agencies.

Long Term Capital Improvement Plan Policy

- Projected costs updated and approved annually by Commissioner's Court.
- The plan will span 4 to 5 years and includes spending approximately \$8 million per year.
- Policy includes a strict definition of what is considered a Capital Project.
- Policy provides criteria for prioritizing projects.
- All projects must be included as part of the original or amended Capital Improvement Plan.