

**NOTE:  
Time & Date**



Rock County, Wisconsin  
Board of Supervisors  
51 South Main Street  
Janesville, Wisconsin 53545  
Phone: 608/757-5510  
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**COUNTY BOARD STAFF/FINANCE COMMITTEES  
MONDAY, JUNE 24, 2019 – 8:00 A.M.  
CONFERENCE ROOM N-1/N-2 – FIFTH FLOOR  
ROCK COUNTY COURTHOUSE-EAST**

**Agenda**

1. Call to Order & Approval of Agenda
2. Citizen Participation, Communications and Announcements
3. Adoption of Minutes of June 10, 2019
4. Review and Discussion of Preliminary 2020 Budget Projections and Program Information – Human Services Department
5. Next Meetings: Monday, July 1, 2019 (Rock Haven) for the Public Health Department and Rock Haven  
Monday, July 8, 2019 (Sheriff's Office) for the Sheriff's Office  
Monday, July 29, 201 (Airport) for the Public Works Department and Airport
6. Adjournment



**COUNTY BOARD STAFF/FINANCE COMMITTEES**  
**Minutes - June 10, 2019**

**Call to Order.** County Board Staff Committee Chair Podzilni called the joint meeting of the County Board Staff Committee and the Finance Committee to order at 8:00 A.M. in Conference Room N-1/N-2 on the fifth floor of the Rock County Courthouse-East.

**Committee Members Present** County Board Staff Committee – Supervisors Podzilni, Peer, Thomas, Bussie and Yeomans. Finance Committee – Supervisors Beaver, Fox, Podzilni and Yeomans.

**Committee Members Absent:** Supervisors Bostwick, Mawhinney, Brill and Sweeney.

**Staff Members Present:** Josh Smith, County Administrator; Randy Terronez, Assistant to the County Administrator; Sherry Oja, Finance Director; Annette Mikula, Human Resources Director; Richard Greenlee, Corporation Counsel; Bridget Laurent, Deputy Corporation Counsel.

**Others Present:** None.

**Approval of Agenda.** Supervisor Fox moved approval of the agenda as presented, second by Supervisor Bussie. ADOPTED.

**Citizen Participation, Communications and Announcements.** Supervisor Bussie said, at the highway conference, Wisconsin's gas tax will be going up 6¢ and the Illinois gas tax will be going up 36¢.

Supervisor Thomas said today is the 100<sup>th</sup> anniversary of Wisconsin being the first state to give women the right to vote.

Supervisor Peer reminded the County Board Staff Committee that they would not be meeting on Tuesday, but will meet at 5:40 P.M. on Thursday. Chair Podzilni added that the Finance Committee will be meeting on Thursday at 5:45 P.M., right after the County Board Staff Committee.

**General Review of County's Financial Position as it Relates to the 2020 Budget.** Ms. Oja handed out and went over the following reports (attached):

**Analysis of Tax Levy and Rate.** Ms. Oja said this shows the tax levy and rate for the past ten years. The tax levy increased by 1.08% while the tax rate decreased by 4.91%. The decrease in the tax rate is due in part to the increase in equalized value combined with the tax levy increase.

**Delinquent Tax Balances.** Ms. Oja said the amounts have pretty much leveled out over the past few years. The interest and penalty collected on delinquent taxes help offset costs.

Schedule of Monthly Cash Balances, Other Than Construction Funds. Ms. Oja said this shows the County's cash position at various points in time from 2014 - 2018. The County co-mingles the cash from all funds and diversifies how it is invested to enhance investment yields and cash flows. Ms. Oja said the cash balances are very predictable.

Interest Earned on Investments. Ms. Oja said investments range from one to seven years.

County Sales Tax Budgets and Collections. Ms. Oja said we started collecting sales tax in April 2007. She said we use these funds for future capital projects to help keep our debt down. We are using funds to help offset the Courthouse Security Project.

Outstanding Debts. Ms. Oja said the County's outstanding principal on debt issues had a jump in 2011 due to the large bonding we did for Rock Haven. The County's total statutory debt allowed is 5% of our equalized value or about \$576 million. Our debt is quite low, only 7.3% of our allowable debt limit. We also repay our debt quickly. Our normal debt issues are for only 10 years, while Rock Haven was for 15 years. These are factors used by the rating agencies in their determination of credit ratings and they look very favorably on how we manage our debt. We are under \$10 million, which helps keep taxes down.

Moody's and S&P. Ms. Oja went over the ratings from Moody's and Standard & Poor's, which are "Aa1" and "AA+". The County keeps a low debt, repays what we borrow quickly, doesn't budget for reserves, and keeps a fund balance. Ms. Oja said the County is in excellent financial condition.

Fund Balances. Non-spendable funds consist mainly of delinquent tax revenue. Assigned funds consists mainly of excess sales tax and includes carryover requests. Unassigned funds are available for appropriation. The fund balance policy requires 20%-25% in unassigned reserve. In 2018 the County passed a policy for IT Working Capital to require 10%-15% to expenses. Self-Insurance Working Capital should be 25%-30% of expenses.

Supervisor Thomas asked when equalized value will be out. Ms. Oja said around August 15.

Mr. Smith handed out copies of his PowerPoint presentation (attached).

Mr. Smith explained that the allowable tax levy for 2019 was an increase of 1.28% for operations, but the actual levy increase was less due to a change in the law related to personal property tax. He said it is too early to know what it will be for 2020, but to assume about the same for new operational revenue of about \$1 million. He said the sales tax trend for 2019 is good.

Mr. Smith went over the State Budget: Joint Finance Committee approvals and rejections/reductions as shown. Future revenue for 2021 and beyond are the \$1.2 million increase in 2021 for the Alliant Energy Riverside Plant; the Environmental Impact Statement has been published for the Beloit Ho-Chunk Casino and a federal decision could be made this summer, the County would receive 0.6% of net profit, but the plans for a Rockford casino could have an adverse effect on revenue. Mr. Smith said the state budget will hopefully be complete this week.

Mr. Smith said wages are always a challenge to remain competitive. The employee health ad hoc committee will be meeting on June 12<sup>th</sup> and may have a recommendation at that time. Ms.

Mikula said, at this time, the County is looking at about 25% of employees retiring in the next ten years. We will need to start ramping up now to retain and attract employees.

Supervisor Yeomans said some organizations are recognized for offering great training and other things in lieu of wages. Mr. Smith said we are trying to do more training, also diversity and trying to target younger people who would like to do good things in the community and make a difference in the world. He added the downside is the health insurance was a huge draw, but it cannot continue as it was.

Mr. Smith went over the 2019 high-priority cost areas, overtime and Evidence-Based Decision Making (EBDM). He said we are trying to more accurately budget the overtime at the Sheriff's Office and 911 Communications Center. The Diversion implementation in the District Attorney's Office began today.

Mr. Smith went over the capital expenditures in the Facilities Master Plan and Public Works. He said the other 2020 Capital Improvement Plan projects include the Airport, Facilities Management maintenance, Information Technology, 911 Communications Center, Sheriff's Office, Land Records and Council on Aging.

Mr. Smith said some of the budget process changes are: the elimination of the salary reserve, which are now budgeted for in the departmental budgets; personnel wages adjustments; and funding for IT equipment and projects will have a more complete accounting of costs.

**Next Meetings.** Chair Podzilni said the next scheduled meeting is set for June 24<sup>th</sup> at 8 A.M. in Room N-1/N-2 at the Courthouse.

**Adjournment:** Supervisor Peer moved adjournment at 9:20 A.M., second by Supervisor Thomas. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen  
Confidential Administrative Assistant

**NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.**

**ROCK COUNTY  
ANALYSIS OF TAX LEVY AND RATE  
BUDGET YEARS 2010-2019**

Levy Year	Budget Year	Tax Levy			Tax Rate (per \$1,000 of equalized value)		
		Amount	\$ Increase/ (Decrease)	% Increase/ (Decrease)	Amount	\$ Increase/ (Decrease)	% Increase/ (Decrease)
2009	2010	57,221,641	2,195,541	3.99%	5.67	0.29	(1.53%)
2010	2011	58,932,568	1,710,927	2.99%	6.11	0.44	5.37%
2011	2012	60,173,220	1,240,652	2.11%	6.41	0.30	7.73%
2012	2013	61,114,210	940,990	1.56%	6.64	0.23	3.59%
2013	2014	62,497,976	1,383,766	2.26%	6.99	0.35	5.29%
2014	2015	63,045,891	547,915	0.88%	6.78	(0.21)	-3.05%
2015	2016	64,156,054	1,110,163	1.76%	6.77	(0.01)	(0.13%)
2016	2017	65,107,690	951,636	1.48%	6.70	(0.07)	(0.99%)
2017	2018	66,912,013	1,804,323	2.77%	6.52	(0.18)	(2.76%)
2018	2019	67,635,689	723,676	1.08%	6.20	(0.32)	(4.91%)

Levy Year	Budget Year	EQUALIZED VALUE (EXCLUDING TIDS)			% Increase/ (Decrease)
		Equalized Valuation	\$ Increase/ (Decrease)	% Increase/ (Decrease)	
2009	2010	10,095,867,310	(134,047,000)	(1.31%)	
2010	2011	9,651,645,910	(444,221,400)	(4.40%)	
2011	2012	9,388,114,310	(263,531,600)	(2.73%)	
2012	2013	9,207,493,910	(180,620,400)	(1.92%)	
2013	2014	8,939,858,910	(267,635,000)	(2.91%)	
2014	2015	9,302,076,610	362,217,700	4.05%	
2015	2016	9,477,775,810	175,699,200	1.89%	
2016	2017	9,714,971,710	237,195,900	2.50%	
2017	2018	10,267,284,710	552,313,000	5.69%	
2018	2019	10,914,360,200	647,075,490	6.30%	

**ROCK COUNTY  
DELINQUENT TAX BALANCES  
BUDGET YEARS 2009 - 2018**

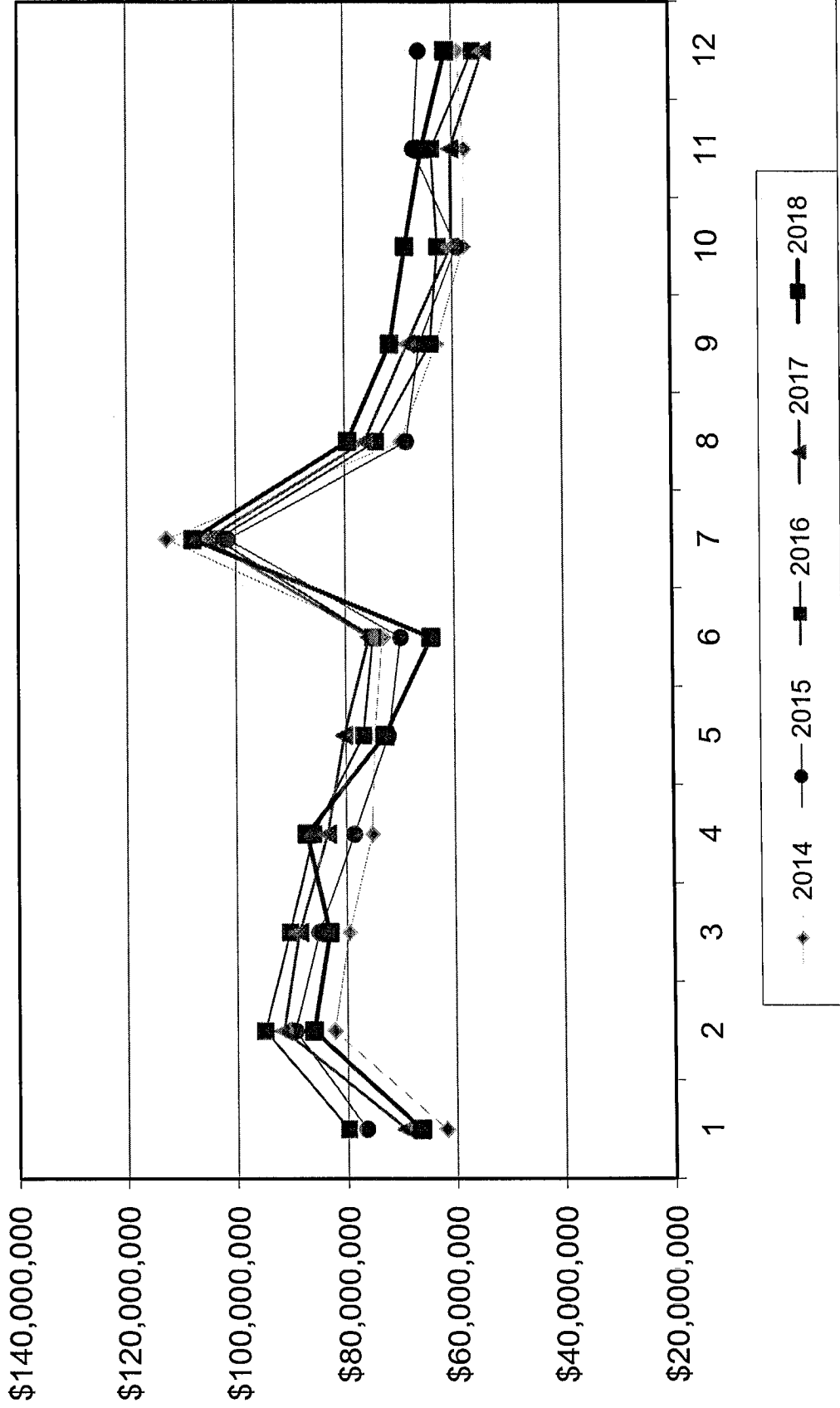
**Balances at December 31**

<u>Levy Year</u>	due in	<u>Budget Year</u>	<u>Amount</u>
2008		2009	6,723,394
2009		2010	6,856,091
2010		2011	6,849,376
2011		2012	5,683,105
2012		2013	5,257,798
2013		2014	4,799,542
2014		2015	4,251,229
2015		2016	4,059,268
2016		2017	4,100,293
2017		2018	3,978,070

**INTEREST & PENALTY COLLECTED  
ON DELINQUENT TAXES  
BUDGET YEARS 2009 - 2018**

<u>Year</u>	<u>Amount</u>
2009	1,758,094
2010	2,175,780
2011	2,048,582
2012	2,171,567
2013	1,827,454
2014	1,658,286
2015	1,535,066
2016	1,382,881
2017	1,288,423

**Rock County Schedule Of Monthly Cash Balances, Other Than Construction Funds, For The Years 2014, 2015, 2016, 2017 and 2018**



## Interest Earned on Investments

<u>Year</u>	<u>Amount</u>
2008	\$ 2,651,080
2009	\$ 1,339,719
2010	\$ 683,230
2011	\$ 567,748
2012	\$ 404,772
2013	\$ 21,439
2014	\$ 429,105
2015	\$ 324,700
2016	\$ 476,821
2017	\$ 693,742
2018	\$ 1,251,901

### Local Gov Investment Pool

<u>Year</u>	<u>Average Rate</u>
2008	2.46%
2009	0.48%
2010	0.21%
2011	0.14%
2012	0.16%
2013	0.10%
2014	0.09%
2015	0.13%
2016	0.41%
2017	0.84%
2018	1.88%

### Investment Portfolio

<u>Year</u>	<u>Annualized Return</u>
2008	4.53%
2009	2.11%
2010	1.09%
2011	1.41%
2012	0.98%
2013	-0.32%
2014	1.24%
2015	-0.15%
2016	0.91%
2017	2.02%
2018	2.65%



## County Sales Tax Budgets and Collections

<b>Fiscal Year</b>	<b>Budgeted</b>	<b>Collected</b>	<b>Difference</b>
2007	8,500,000	6,775,364	(1,724,636)
2008	11,415,620	10,505,177	(910,443)
2009	10,000,000	9,837,711	(162,289)
2010	8,800,000	9,647,350	847,350
2011	9,430,849	10,056,749	625,900
2012	9,700,000	10,509,124	809,124
2013*	10,420,883	11,832,271	1,411,388
2014	10,406,000	11,847,461	1,441,461
2015	10,699,666	12,450,696	1,751,030
2016	11,760,229	13,355,987	1,595,758
2017	12,305,871	13,900,629	1,594,758
2018	12,458,023	14,542,163	2,084,140

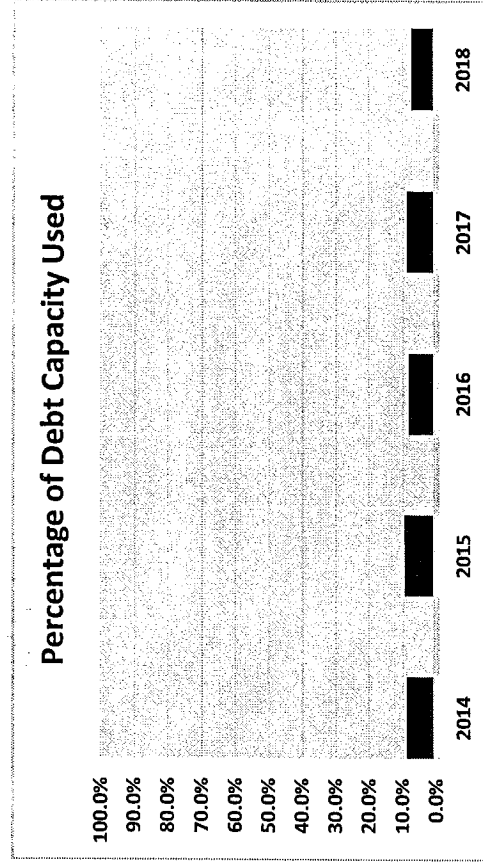
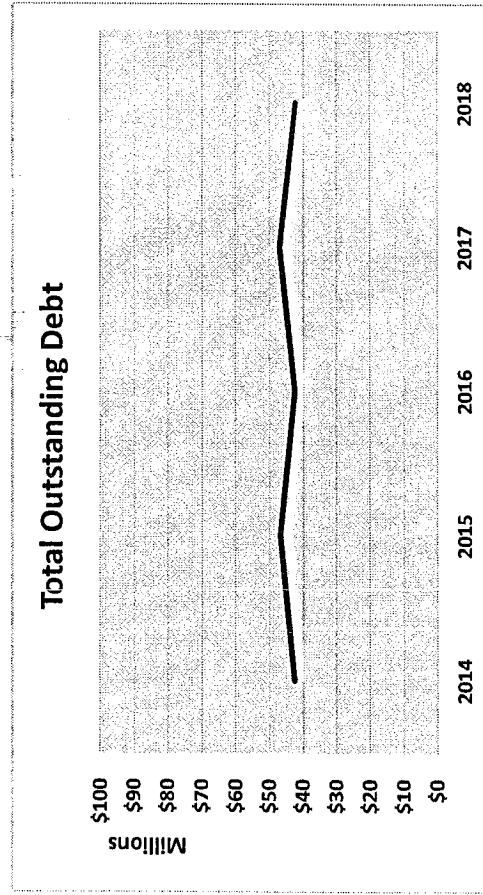
\* Includes 13 months of collections

### Balance in 'Excess Sales Tax'

<b>12/31/2018</b>	4,817,456	
<b>2019 Budget</b>	(4,245,746)	CH Security
<b>2019 Resolutions</b>		
<b>Remaining Bal</b>	571,710	Available for future appropriations

## OUTSTANDING DEBT

	2014	2015	2016	2017	2018
Total Outstanding Debt	\$42,395,000	\$46,630,000	\$42,370,000	\$46,915,000	\$42,130,000
Equalized Value (with TIDS)	9,742,746,400	9,926,025,100	10,279,524,500	10,907,782,900	11,530,222,000
Legal Debt Capacity (5% of Equalized Value)	487,137,320	496,301,255	513,976,225	545,389,145	576,511,100
Unused Debt Capacity in Dollars	444,742,320	449,671,255	471,606,225	498,474,145	534,381,100
Percentage of Debt Limit Used	8.7%	9.4%	8.2%	8.6%	7.3%
Population	160,739	161,188	161,448	159,372	162,309
Debt Per Capita	\$264	\$289	\$262	\$294	\$260



### Debt Service Schedule as of December 31, 2018

Year	Principal	Interest	Total
2019	5,055,000	1,222,403	6,277,403
2020	5,205,000	1,078,378	6,283,378
2021	5,330,000	942,278	6,272,278
2022	5,450,000	844,320	6,294,320
2023	5,600,000	682,120	6,282,120
2024	4,900,000	499,720	5,399,720
2025	4,930,000	339,720	5,269,720
2026	4,300,000	179,120	4,479,120
2027	1,360,000	29,920	1,389,920
<b>Total</b>	<b>42,130,000</b>	<b>5,817,978</b>	<b>47,947,978</b>

Fitch	S&P	Moody's	Rating grade description (Moody's)	
AAA	AAA	Aaa	Investment grade	Minimal credit risk
AA+	AA+	Aa1		Very low credit risk
AA	AA	Aa2		
AA-	AA-	Aa3		Low credit risk
A+	A+	A1		
A	A	A2		
A-	A-	A3	Moderate credit risk	
BBB+	BBB+	Baa1		
BBB	BBB	Baa2		
BBB-	BBB-	Baa3	Speculative grade	Substantial credit risk
BB+	BB+	Ba1		
BB	BB	Ba2		
BB-	BB-	Ba3		High credit risk
B+	B+	B1		
B	B	B2		
B-	B-	B3		Very high credit risk
CCC+	CCC+	Caa1		
CCC	CCC	Caa2		
CCC-	CCC-	Caa3	In or near default, with possibility of recovery	
CC	CC	Ca		
C	C		In default, with little chance of recovery	
DDD	SD	C		
DD	D			
D				

## Fund Balances

	Audited Balance 12/31/15	Audited Balance 12/31/16	Audited Balance 12/31/17	Estimated Balance 12/31/18
<b>General Fund</b>				
Nonspendable	2,895,796	2,736,148	2,644,407	2,658,055
Assigned	3,101,145	3,755,686	4,214,150	4,817,456
Unassigned	29,978,897	31,324,971	32,419,421	33,527,563
Total General Fund	35,975,838	37,816,805	39,277,978	41,003,074
<b>Special Revenue Funds</b>				
Revolving Loans	713,492	973,140	1,004,557	1,019,065
Land Records	152,740	174,854	205,775	241,117
Arrowhead Library System	112,410	204,314	238,887	271,212
Airport	62,434	101,781	135,627	256,501
Bridge Aid	26,043	35,018	160,649	384,450
Capital Projects	5,945,241	4,593,242	1,465,703	1,692,762
<b>Enterprise Funds-Working Capital</b>				
Rock Haven	2,422,002	1,883,240	1,852,667	2,000,000
DPW-Highway	318,120	(2,628,653)	2,652,713	1,000,000
<b>Internal Service Funds-Working Capital</b>				
Information Technology	2,000,681	2,298,716	2,874,066	2,317,871
Self Insurance	8,702,901	7,320,102	7,509,094	5,790,000
Motor Pool (Net Position)	332,564	396,949	452,470	417,130
Job Center	232,417	351,110	194,269	27,148

**Notes:**

**General Fund**

Nonspendable - Consists mainly of delinquent tax revenues.

Also includes inventories (Employee Recognition, Central Services)

Assigned - Consists mainly of excess sales taxes. Also includes carryover requests.

Unassigned - Available for appropriation

**DPW-Highway**

Working capital cycles up and down due to the issuance of long term debt being issued only every two to three years.

## Fund Balance Policy

	2015	2016	2017	2018	Fund Balance Policy
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Unassigned General Fund Balance	\$ 29,978,897	\$ 31,324,964	\$ 32,419,421	\$ 33,527,563	
Expenditures*	\$ 171,073,941	\$ 141,485,221	\$ 137,306,614		
% of Fund Balance to Expenditures	17.5%	22.1%	23.6%		20% to 25%

\* Includes total General, Human Services, (DD Board prior to FY 2016) Airport and Enterprise Fund expenditures.

**Note:** The 2016 fund balance was boosted by the closeout of the DD Board. This resulted in a one time increase of \$1.6 million to the General Fund. Otherwise the fund balance would have decreased from 2015 to 2016.

Information Tech Working Capital	\$ 2,000,681	\$ 2,298,716	\$ 2,874,066	\$ 2,317,871	
Expenses	\$ 5,095,540	\$ 5,386,707	\$ 5,779,582	\$ 5,238,942	
% of Working Capital to Expenses	39.3%	42.7%	49.7%	44.2%	10% to 15%

Self-Insurance Working Capital	\$ 8,702,901	\$ 7,620,102	\$ 7,509,094	\$ 5,790,000	
Expenses	\$ 20,668,584	\$ 22,581,096	\$ 22,566,822	\$ 24,480,417	
% of Working Capital to Expenses	42.1%	33.7%	33.3%	23.7%	25% to 30%

County Board Staff Committee  
Finance Committee  
2020 Pre-Budget Overview

June 10, 2019

Revenue

## Tax Levy Limits

- 2019 = 1.28% increase in levy for operations, or \$1,005,071
  - Personal Property Aid Payment
    - Reduced operational levy increase to \$394,465
    - Reduced overall tax levy increase to \$720,584
    - Effect on levy increase in 2020 not entirely known
- 2020 = ?
  - Do not anticipate large-scale commercial or residential development to increase net new construction figure significantly
  - Assume about the same level of new operational revenue of about \$1.0 million

## Sales Tax Collections

- 2018
  - Budgeted = \$12.5 million
  - Collected = \$14.5 million
- 2019
  - Budgeted = \$14.0 million
  - \$4.7 million collected through April; 17.5% increase over 2018
- 2020 anticipated = ?
  - Anticipate same \$7,522,973 for operational costs (since 2011)
  - Excess Sales Tax Balance = \$571,710
    - Includes 2018 collected minus 2019 budgeted amount

## State Budget: Joint Finance Committee Approvals

- \$90 million increase for local government road projects
- \$30 million annual increase in Children and Family Aids Allocation
- \$30 million biennial increase for nursing home reimbursement rates
- \$3.6 million increase for reimbursement to counties of court-appointed private attorneys for indigent clients
- \$2.9 million approved for youth crisis stabilization facility grants
- \$2.25 million biennial increase (GPR and FED) in child support funding
- \$475,000 annually (one-time funding) for County Conservation Staffing Grants

## State Budget: Joint Finance Committee Rejections/Reductions

- Rejected 2% increase to shared revenue
- Rejected increasing levy limit floor from 0% to 2%
- Reduced by \$2.2 million DOC funding for contract beds at local jails
- Removed provision returning 17-year-old offenders to juvenile justice system
- Rejected Medicaid expansion



## Future Revenue—2021 and Beyond

- Alliant Energy Riverside Plant
  - \$1.2 million revenue increase in 2021
- Beloit Ho-Chunk Casino
  - Final Environmental Impact Statement (EIS) published
  - Federal decision could be made this summer
  - County would receive 0.6% of net profit
  - Rockford casino plans could affect revenue

## Operational Expenditures

## Wages

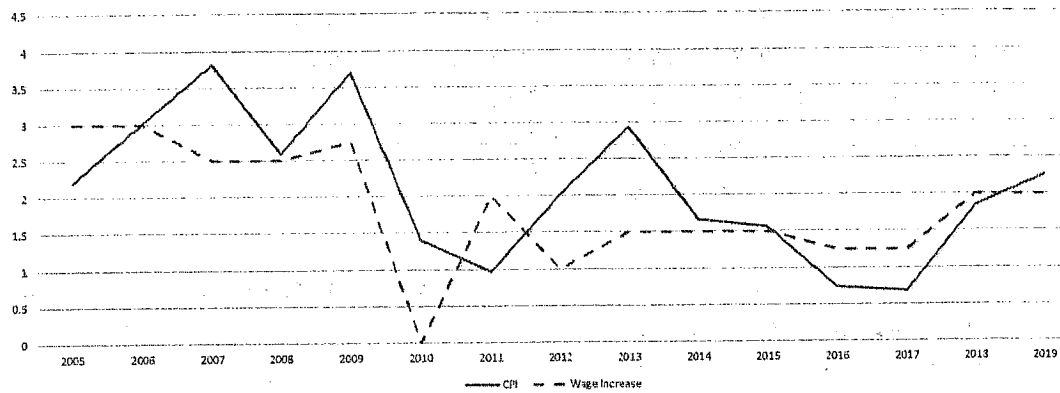
- Challenges
  - to keep wage increases at a rate *at least* equal to inflation
  - to remain competitive when wage increases do not exceed inflation
  - to maintain internal and external pay equity
- 1.0% increase in wages = about \$1 million
  - Vacancy factors reduce this figure
- Current experience
  - With good economy/tight labor market, increasing difficulties filling positions
  - Concerns about retention
  - Increase in overtime

## Wages

- Employee engagement survey
  - 3 years of data
  - "I am compensated fairly compared to the local market" ranks lowest among 28 questions (average 2.89 out on a 5.0 scale)
  - "I am satisfied with my overall compensation" (average 2.99)
- 2016 compensation study
  - Wage increase for those 8% or more under salary midpoint

## Wages

Rock County Wage Increases vs. Consumer Price Index (CPI)



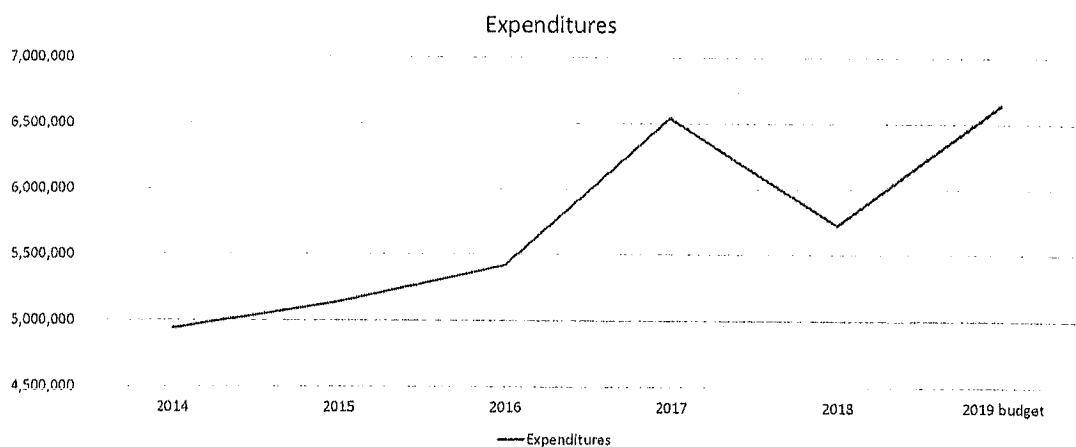
## Health Insurance

- Employee Ad Hoc Committee
  - meeting June 12<sup>th</sup>; may make recommendation
- Options could result in savings that could be used to
  - reduce employee costs
  - reinvest in health insurance fund balance to offset future costs
  - increase wages (employees are asking about this)

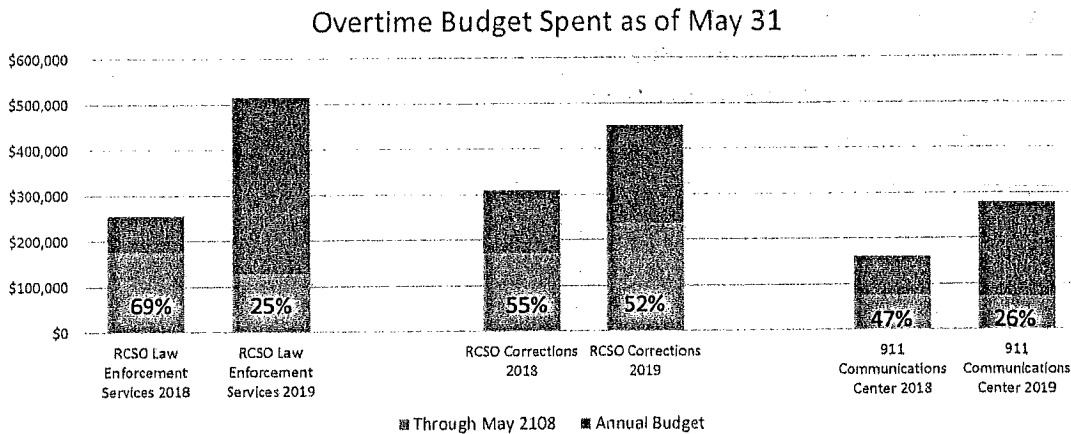
## Reminder—2019 High-Priority Cost Areas

- Caring for those in need
  - Out-of-home placements for children and youth
  - Rock Haven staffing and overtime
  - Aging meal programs
- Public safety
  - Overtime costs in the Sheriff's Office and 911 Communications Center
  - Operational increases in the Sheriff's Office, District Attorney, and Courts
  - Evidence Based Decision Making (EBDM)

## Out of Home Placements-Children and Youth



## Overtime



## Evidence Based Decision Making (EBDM)

- Pre-trial assessment and supervision
  - Pilot phase ending, implementation expected this summer
- Criminogenic risk assessments
- Diversion
  - Implementation begins in June
- Enhanced Deferred Prosecution
- County Board provided \$481,000 in 2019 (mostly for pre-trial)
  - Future funding requirements contingent on pilot data collection

## Capital Expenditures

### Facilities Master Plan

- 1717 Center Avenue—Estimated \$20.6 million project cost
  - \$4.4 million purchase price
  - \$12.4 million estimated renovation cost
  - \$3.8 million furniture/equipment, professional services, parking lot, interest
  - Estimated \$575,000 increase in debt service levy in 2019
- Information Technology, Emergency Management, Medical Examiner
- Pinehurst Replacement Planning

## Public Works Projects

- Borrowing for previously approved highway projects
  - Estimated \$325,000 increase in debt service levy in 2020
- Capital Improvement Plan (CIP) projects identified for 2020 consideration
  - Highway construction projects = \$5.7 million
  - Public Works equipment = \$2.8 million
  - Park projects = \$185,000
  - Bridges = \$119,000

## Other 2020 Capital Improvement Plan Projects

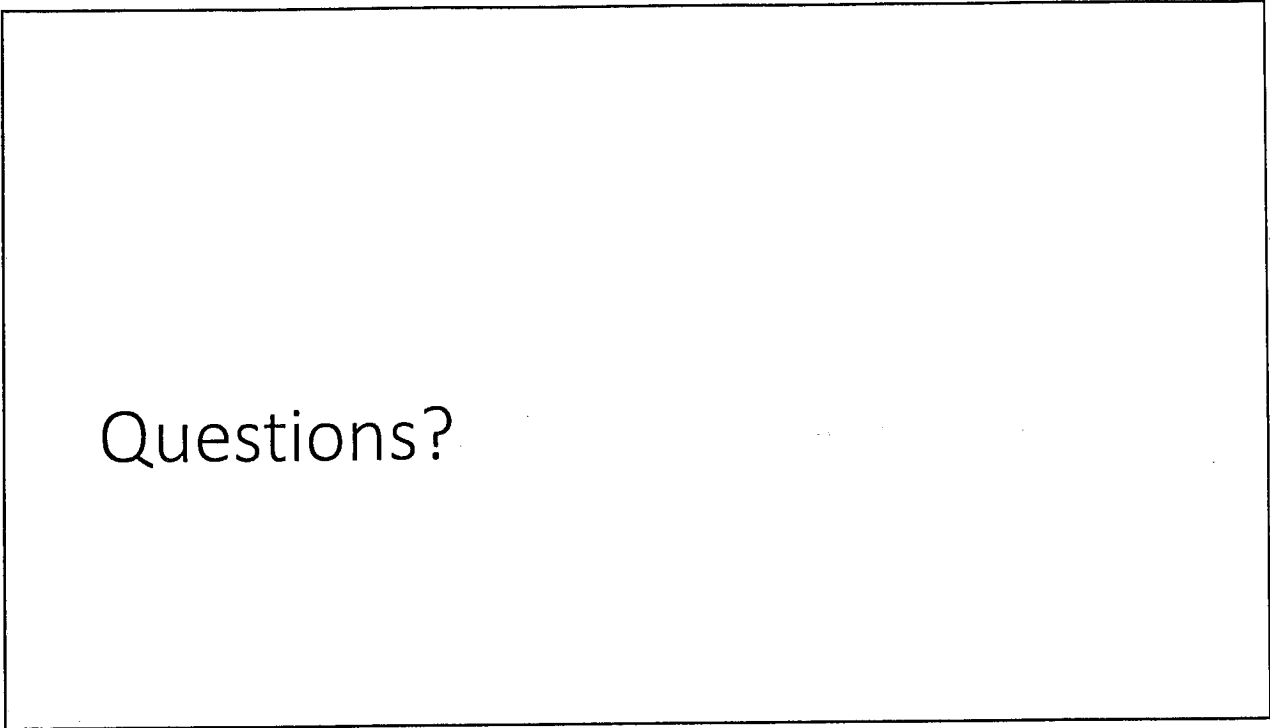
- Airport = \$3.1 million
- Facilities Management Maintenance = \$2.4 million
- Information Technology = \$1.7 million
- 911 Communications Center = \$977,000
- Sheriff's Office = \$702,000
- Land Records = \$285,000
- Council on Aging = 156,000

## Budget Process Changes

### Budget Process Changes

- Reminder—Eliminated Salary Reserve in 2019
  - Personnel/Wage costs now budgeted in departmental budgets
- Personnel Wage Adjustments
  - Comparable counties and other public jurisdictions methodology changing
  - Labor market approach
- Funding for IT equipment and projects
  - Equipment funded in IT budget instead of departmental budgets
  - Resulting increase in IT budget/tax levy, decrease in departmental budgets
  - Allocation charge
  - More complete accounting of project costs (e.g. new software implementation, including labor) in departmental budgets





Questions?