

Chippewa County 2012 Recommended Budget



November 3, 2011

As presented to the
Chippewa County Executive Committee

2012 Budget Table of Contents

	Page
A. Letter of Introduction	2
B. Initial 2012 Budget Instructions/Guidelines – May 2011	3
C. General 2012 Budget Philosophy	3
D. 2012 Recommended Budget Highlights	4
I. Department Budgets With No or Minor Changes – Minor Technical Corrections	4
II. Department Budgets With Points to be Expounded Upon – Changes, Made of Merit/Significance	4
III. Sales Tax Projects Approved/Considered/Removed	5
E. 2012 Budget – General Information	6
F. 2012 Budget – Outside Agency Funding	6
G. Chippewa County – County Levy Worksheet 2012 Budget	7
H. Spreadsheet Analysis of Audited General Fund Balances 2000 – 2010	8
I. Chippewa County General Fund Balance Unreserved/Undesignated – Recommended Action	9
J. 2012 Recommended Fiscal Direction	10
K. 2012 Budget Highlights	11
L. 2012 Budget Synopsis	12
M. 2013 Budget – Points of Consideration	13



CHIPPEWA COUNTY
DEPARTMENT OF ADMINISTRATION

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September 12, 2011

TO: County Board Chair Willkom
County Board Supervisors
County Department Heads

FR: Steve Kubacki, County Administrator

RE: 2012 Recommended Budget

Again, I would like to thank all of you for your hard work, time and effort put forth in the preparation of the 2012 Chippewa County Budget. This process started much earlier than one would normally expect for a number of reasons. However, the attention paid to this particular budget was more intense as a result of pressures, such as reductions in State Aids, increased costs associated with wages, fringe benefits, utilities and other supplies, worker's compensation and health insurance costs. To be quite honest, this budget preparation, review and presentation were done more efficiently and effectively than last year as a result of efforts by all staff who participated in this process. We knew early on, in early 2011, that we needed to get a handle on the 2012 Budget, our revenues, sources of dollars, non-lapsing funds, state and federal dollars and expenditures to make this all work.

I am extremely comfortable with this 2012 Budget. We will continue to provide a high level of service to the citizens of Chippewa County, yet at a very prudent and reasonable tax levy and rate. We have examined all sources of revenue and reviewed our levels of expenditures, individual budget by individual budget. As with all municipal budgets, there are expenditures that we control and others that we do not. Over the years, Chippewa County, it's Elected Officials, Department Heads, and staff worked very well with the Board of Supervisors to effectively plan for the future, financially and operationally. From a financial perspective, Chippewa County is on very solid ground and that is an enviable position.

After much hard work by all, this 2012 Budget balances needs with revenues and follows past direction from Administration and the County Board of Supervisors. It is not everything for everybody, but it is something for everyone. This again, as was the case in 2011, is a fair budget. It sets Chippewa County up for the future, especially in 2013. The CHIPPEWA COUNTY 2012 RECOMMENDED BUDGET – PRELIMINARY, which you will receive on Tuesday, September 13, 2011, provides the nuts and bolts found within the entire nearly 273 page detailed document.

I look forward to presenting this document to you and giving you a brief 4 hour explanation. I will quickly and concisely try and hit all pertinent points that I believe you must be cognizant of, as you ultimately review and approve the 2012 Budget in November 2011, after publication and public hearing. If you have any questions or desire clarification on specifics of this document, please contact Mary Behling – Finance Director, and/or Malayna Halvorson-Maes and Jim Sherman – Acting County Administrators. I would especially like to thank Mary Behling, she knows this budget inside and out, and Traci Bremness for her technical skills in putting together this 2012 Budget; they were invaluable. It was exciting and very enjoyable, believe it or not.

Good luck and thank you for the opportunity of serving you and Chippewa County. It was a privilege.

Steve Kubacki
County Administrator

B. Initial 2012 Budget Instructions/Guidelines

1. Ensure that budget proposals are in line with those of the Chippewa County Board as identified in the strategic goals and objectives and the priority report.
2. Departments will generally operate within the 2011 budget parameters. Programs that receive cuts from state/federal allocations must absorb those cuts. Moving programs onto the tax levy due to cuts to the state/federal budget allocations will not occur.
3. Cuts affecting individual departments will not be spread across the pool of all departments. Non-mandated programs, as analyzed by the priority review process, should receive a high degree of scrutiny when determining interdepartmental budget reductions.
4. Staff may be reallocated between departments from low priority areas to those of higher priority as part of the budget process.
5. All departments must justify their revenues. Provide analysis including source of the revenue (fees, fines, service agreements, grants, etc.) and why the revenue has been increased or decreased.
6. County user fees shall be reviewed for potential inflationary increases or adjustment.
7. New positions will generally not be considered for the 2012 budget. The County Administrator will meet with all Department Heads to review the need for additional personnel.
8. New programs or services will not be considered for the 2012 budget, absent prior approval from the Finance Director and County Administrator.
9. Expenditures funded by revenue sources other than property tax levy should be budgeted within the revenue constraints of those other revenue sources.
10. Capital Improvement Program requests should be submitted and must include a memo detailing cost/funding projections, as well as, cost/benefit analysis with an identifiable break-even point if applicable.

C. General 2012 Budget Philosophy

1. Efficiency, effectiveness/providing service external/internal.
2. Keep expenditures outside of personnel costs constant.
3. Preserve a significant contribution to the undesignated general fund both in 2011 and 2012.
4. Preserve essential non-lapsing funds that may be or are critical to a future program, project and service.
5. Maximize and balance use of levy dollars, sales tax revenue, non-lapsing funds, grants, fees for service, and state and federal aid.
6. Review and revise the five-year Capital Improvement Program for all county departments for all major county projects – work with all Departments Heads – 2012 Project.
7. Be cognizant and aware of state and federal budgets, decisions and direction.

D. 2012 Recommended Budget Highlights

I. Department Budgets with No or Minor Changes – Minor Technical Corrections

✿ ADRC	✿ Land Records
✿ Circuit Court	✿ Planning & Zoning
✿ Corporation Counsel	✿ Public Health
✿ District Attorney / Crime Victim Witness	✿ Register of Deeds
✿ Economic Development	✿ Register in Probate
✿ Emergency Management	✿ Risk Management/Centralized Purchasing
✿ Highway	✿ Treasurer
✿ Human Services	✿ UW Extension
✿ Juvenile Intake	
✿ Finance	Allocation of dollars for additional Springbrook costs related to travel, conversions, reports, etc.
✿ Land Conservation & Forest Management / Recycling	Allocation of dollars and costs have increased costs in Forest & Trails and decreased them accordingly in Land Conservation.

II. Department Budgets with Points to be Expounded Upon – Changes Made of Merit/Significance

✿ Child Support	This budget reflects 9 FTE's including a Child Support Director.
✿ County Administrator	Budget includes \$40,000 for possible salary/benefit study and uses \$57,958 in non-lapsing funds to draw down that fund to approximately \$125,000 – a reasonable number. Increased CA salary & fringe due to recruitment – per Executive Committee.
✿ County Board	Basically budgeted at 2011 County Board level. Added ITBEC annual dues of \$4,410 to memberships & dues. Any savings due to downsizing/committee restructure will be returned to the General Fund.
✿ Coroner	New fees proposed to offset significant changes in how this program is carried out and administered. A change in Coroners and the overall environment has changed the way we do things as would be expected.
✿ County Clerk	Downsizing to help offset cost of Veterans Service ½ time position. Added 1 LTE to assist with elections. Elections increased significantly to reflect additional elections/recalls.
✿ Human Resources	Major modifications due to policy development requirements made necessary by the State mandates requires an overhaul of our HR Division to meet the demands, time, and effort to address these requirements. Budget includes 1 FTE Director, 1 FTE Generalist and 1 LTE.
✿ Information Technology	Increased demands placed on IT have made work in this area difficult. Increased use of technology now and in the future dictates that we need to add 1 LTE to meet both needs and expectations.
✿ Sheriff	Decrease of \$121,777 in county prisoner fees. Added 1 LTE to meet needs.
✿ Veterans Service	2011 budgeted position will be filled in 2012.
✿ Workers Compensation	Increased experience in this area has increased fees/rates to offset costs. This is passed onto departments on an annual basis. Contributing level has increased to 2.5%.

III. Sales Tax Projects Approved / Considered / Removed

Available Sales Tax Dollars 2011	\$3,799,099
Committed Sales Tax Dollars	
1. Property Tax Credit	1,306,663
2. Debt Service Fund	1,255,415
3. Refund Savings	263,060
4. Airport Debt Contribution	<u>123,961</u>
	2,949,099
Non-Committed Sales Tax Dollars Available 2011	\$850,000
Total Sales Tax Dollars Available 2011	\$3,799,099

Requested Sales Tax Uses – Approved	
County Clerk – Optical Scan	125,000 ^{*1}
Land Conservation – Quality of Life	100,000
IT Computers	175,000 ^{*2}
Circuit Court Video Conferencing	180,000
Non-Highway Vehicle Fleet Pool	170,000
Maintenance – Courthouse Remodeling	<u>100,000</u>
TOTAL	\$850,000

*1 County Clerk optical scan voting equipment includes \$125,000 in sales tax dollars and \$100,000 in borrowed funds.

*2 IT computers and equipment includes \$175,000 in sales tax dollars and \$110,000 in 2011 borrowed funds.

E. 2012 Budget – General Information

I. Equalized Valuation		
2008 for 2009	\$4,436,150,700	Increase of \$233,755,500 or 5.6%
2009 for 2010	\$4,431,512,900	Decrease of \$4,637,800 or 0.1%
2010 for 2011	\$4,450,774,700	Increase of \$19,261,800 or 0.4%
2011 for 2012	\$4,406,283,400	Decrease of \$44,491,300 or 1.0%
II. Tax Rate		
2008 for 2009	\$3.26 / \$1,000	Decrease of 2.1%
2009 for 2010	\$3.36 / \$1,000	Increase of 3.1%
2010 for 2011	\$3.45 / \$1,000	Increase of 2.7%
2011 for 2012	\$3.55 / \$1,000	Increase of 2.9%
III. Property Tax Levy		
2008 for 2009	\$14,449,058	Increase of 3.2%
2009 for 2010	\$14,887,389	Increase of 3.0%
2010 for 2011	\$15,334,010	Increase of 3.5%
2011 for 2012	\$15,650,600	Increase of 2.1%
IV. Allowable and Proposed Property Tax Levy Dollars and Levy Rates		
Allowed by State Levy Dollar Limit Worksheet		\$15,913,590 or \$3.61 per \$1,000
Proposed for 2012		\$15,650,600 or \$3.55 per \$1,000
V. General Fund Balance Applied		
2012 Budget		\$405,270

F. 2012 Budget – Outside Agency Funding

Chippewa County Tourism Council	27,270
Northern WI State Fair	54,000
Chippewa County Economic Development Corporation	181,800
West Central WI Regional Planning	<u>31,488</u>
TOTAL 2012 BUDGETED	\$294,558

NOTE: If Chippewa County decided to NOT FUND the \$31,448 contribution to West Central WI Regional Planning in 2013, we would need to adopt two complimentary resolutions by July 1, 2012.

G. Chippewa County County Levy Limit Worksheet 2012 Budget

2010 Payable 2011 county levy	15,334,010
Adjust Out:	
Bridge Aids	(74,000)
Libraries	(626,292)
G O Debt issued after 7/1/2005	
2010 Payable 2011 adjusted county levy	14,633,718
0% Growth plus terminated TID .085% applied to 2010 levy ^{*2}	14,646,156
Net New Construction % of 1.031% plus terminated TID .085% applied to 2010 levy	14,797,030
Larger of Growth or Net New Construction	14,797,030
Adjust In:	
G O Debt issued after 7/1/2005 ^{*1}	358,328
Bridge Aids	117,811
Libraries	640,421
2011 Payable 2012 Allowable Levy	\$15,913,590

2011 Recommended Levy – County Administrator	\$15,650,600
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^{*1} Based on refunding 2002 debt on 11/03/2011.

^{*2} TID (Tax Incremental District)

H.

**Chippewa County
Analysis of Audited General Fund Balances
2000 thru 2010**

	Per 2010 Audited Numbers												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Recommended Undesignated Minimum	Recommended Undesignated Maximum
Reserved For Total Designated Balances	1,582,343	1,833,823	2,332,566	2,868,848	2,639,145	2,228,987	2,249,314	2,500,645	3,124,749	3,217,606	3,368,262		
Reserved For Delinquent Taxes	902,072	1,191,768	1,260,646	1,346,795	1,179,439	1,276,493	1,255,642	1,329,434	1,906,380	2,161,482	2,018,989		
Reserved For Subsequent Year Budget								1,177,000	150,000	0	0		
Reserved for Prepayments	4,790	2,806	2,603	5,761	10,148	5,165	4,638	9,721	8,532	8,967	2,361		
Unreserved, Undesignated	2,759,987	3,355,026	4,058,487	4,081,945	4,253,307	4,844,154	5,195,150	5,007,899	4,728,867	6,734,715	8,648,318	6,374,825	8,414,769
Total General Fund Balance	5,249,192	6,383,423	7,654,302	8,303,349	8,082,039	8,354,799	8,704,744	10,024,699	9,918,528	12,122,770	14,037,930		
% of Undesignated Fund Balance to General Fund Expenditures	17.7%	20.6%	19.3%	17.3%	17.0%	19.7%	20.7%	20.0%	17.7%	25.6%	33.9%	25.0%	33.0%

I. Chippewa County General Fund Balance Unreserved / Undesignated

Recommended Action		
I. Recommended Min/Max		
	\$6,374,825	25%
	\$8,414,769	33%
II. 2010		
12/31/2010 – Current Balance	\$8,648,318	33.9%
III. 2011		
12/31/2011 – Expected 2011 Additions		
Additions:	General Fund Estimated Contribution	\$232,782
	Human Services Estimated Contribution	<u>\$500,000</u>
	TOTAL	\$732,782
IV. 2011		
12/31/2011 – Estimated Balance	\$9,381,100	36.8%
V. Recommended “Reserve Fund” Creation		
Courthouse Facilities Reserve Account	\$500,000	*1
Sick Leave & Vacation Reserve Account	<u>\$500,000</u>	
	\$1,000,000	
VI. Remaining 2011		
12/31/2011 Balance	\$8,381,100	32.9%
Also 1/1/2012 Starting Balance		
VII. 2012 Budget		
Recommended Use of General Fund Balance Unreserved/Undesignated	\$405,270	
VIII. Remaining 2012		
General Fund Balance Unreserved/Undesignated	\$7,975,830	31.3%

*1 The Courthouse Facilities Reserve Account includes \$75,000 for a proposed Courthouse Security Study.

J. 2012 Recommended Fiscal Direction

A. 2012 Budget		
Recommended Total 2012 Budget	\$64,664,773	
Recommended Tax Levy	\$15,650,600	2.1% Increase
Recommended Tax Rate	\$3.55 / \$1,000	2.9% Increase
Included \$150,000 in Contingency		
Dollars Required to Balance the 2012 Budget	\$721,860	
Source(s) Recommended for Utilization		
1. Tax Levy Increase	\$316,590	
2. General Fund Balance Unreserved/Undesignated Utilization	<u>\$405,270</u>	
TOTAL	\$721,860	

K.

2012 Budget Highlights

A. Annual Budget 2012

1. Most important document created annually.
 - a. Realistic portrayal of services, programs and projects provided annually.
 - b. This is your budget, our bible for the next 365 days.
 - c. It sets the tone, direction of the ship for the given year and future years.
 - d. Efficiency/effectiveness.
2. No drastic changes even in light of significant State aid reductions.
3. Likely changes in 2012:
 - a. Consolidation of Land Records into Planning & Zoning Department.
 - b. Downsizing/reorganization of County Board and committees.
4. 2012 – Year of investigation/study/reflection.
 - a. What are we doing? Why are we doing it? How can we do it better?
 - b. Just because we have been doing it doesn't mean we should continue it without looking at it and/or options, alternatives, etc.

B. 2012 Budget Review, Modification & Recommendation Process

Minimum of 2 meetings – Some Departments Heads had 3 meetings.

1. Looked at expenditures/revenues – examined historical trends/existing service levels.
 - a. Questioned Department Heads on trends – expenditures, services provided, personnel issues, expectations, and brush fires.
 - b. Questioned Departments Heads on revenues – trends, existing level, potential for increases, potential for decreases, new revenues.
2. Examined – Non-lapsing funds
 - a. Questioned future uses, ability to tap State and Federal aid, looked at ability to leverage our local dollars.

C. Borrowing/Bonding

1. Will look at/examine existing debt service.
2. Review and revise the 5 year CIP* for future existing budgets.
3. Create and continue a level debt service plan integrating our existing debt service payments with future projects identified by the 5 year CIP.

* 5 year CIP = 5 year Capital Improvement Plan presented by Administrator, reviewed and approved annually by the County Board.

1. Status Quo Budget – Operational Efforts

- ✿ No new programs.
- ✿ Continuation of existing programs/service levels.
- ✿ Only real significance:
 - One LTE Information Technology employee added.
 - One LTE Sheriff's Department employee added.
 - Additional Human Resources personnel needs addressed.
- ✿ Both positions address departments/programs where the work backlog needs to be addressed.
- ✿ Several consolidations/cross-training/sharing of employees.

2. Budget – Financial Enhancement

- ✿ Enhancement to the General Fund Balance Unreserved/Undesignated

▪ Current Fund Balance	\$8,648,318	33.9%
▪ Remaining 2012 Estimated Fund Balance ^{*1}	\$7,975,830	31.3%
▪ Auditor's Recommended Fund Balance		25% to 33%

3. Maintenance of Existing Non-Lapsing Funds

- ✿ Funds that are deemed necessary for continued service level operation to buffer future needs/impact.

4. Past, Current & Future Bond Rating

- ✿ Continuation of this current financial status will allow for a better (lower) interest rate should Chippewa County undertake a borrowing effort in 2013 for 2014 & 2015 projects.
 - Current Bond Rating Aa²

5. 2012 Budget Addresses All Changes Made at the State Level to Aids, Grants, and Payments to Counties.

- ✿ The year of 2012 will allow for review, analysis, and planning to address changes effective in 2013.

6. The Counties Recommended Tax Rate of \$3.55/ 1,000 is low in comparison to other similar Counties.

- ✿ Yet the demand for service(s) is virtually the same in all areas/departments.

7. Comparison – Tax Impact/Residence

- ✿ 2010 Tax Rate \$3.45 / 1,000
- ✿ 2011 Recommended Tax Rate \$3.55 / 1,000
 - Impact on \$100,000 Residence \$10.00
 - Impact on \$150,000 Residence \$15.00
 - Impact on \$200,000 Residence \$20.00

8. The Emphasis of This Budget is Three-Fold

- ✿ Maintenance of Existing Programs/Services – Operational Efforts.
- ✿ Continued Financial Enhancement
- ✿ Establishment of Reserve Funds to Buffer Operational/Capital.

^{*1} Remaining 2012 estimated fund balance reflects item I (page 9) and the County Administrator's recommended actions and use of General Fund Balance Unreserved/Undesignated.

Chippewa County 2013 Budget – Points of Consideration

**** Preliminary ****

1. Wages are not determined – all contracts expire 12/31/2012.
2. Fringe benefits will be evaluated, determined and defined via policy.
3. Other working conditions will be evaluated, reviewed and defined via policy.
4. WRS contributions by Chippewa County will decrease by approximately \$578,526. ^{*1}
 - Savings of \$578,526
5. Other State/Federal Aids & Grants should remain relatively stable.
6. Major tax levy budgets need to be evaluated for:

Nominal Percentage Reductions

<u>Department</u>	<u>2012 Tax Levy</u>	
Public Health	\$642,775 ±	} 82% of Total Tax Levy
Human Services	\$2,194,066 ±	
Highway	\$3,500,613 ±	
Sheriff	<u>\$6,504,253 ±</u>	
	\$12,841,707	out of \$15,650,600 Tax levy

Nominal % Reduction Examples

- 3% Reduction Yields a Savings of \$385,251 ±
 - 5% Reduction Yields a Savings of \$642,085 ±
7. Consolidation/merger/cross-training/employee sharing
 - a. Public Health, ADRC, Human Services, Child Support
 - b. Others as appropriate

^{*1} Does not include existing 7/1/2011 public safety employees.