

Chippewa County 2019 Recommended Budget

Randy B. Scholz, County Administrator



November 1, 2018

County Board of Supervisors

- | | | |
|-----------------------------|-------------------|-------------------|
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**** Changes from 11/01/2018 budget hearing indicated in red ****

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A. Initial 2019 Budget Instructions/Guidelines

Budget information was distributed to Department Heads/Elected Officials in May with instructions to develop their budgets based on the following criteria:

1. FY19 challenges before us:
 - a. Levy Limits; We will need to determine what if any levy increase I can justify to the County Board and the citizens of Chippewa County.
 - b. Annual increases associated with Health Care costs. This includes the costs associated to the implementation and administration of the Affordable Care Act.
 - c. Inability to anticipate and control increases in energy costs.
2. 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.
3. Departments will generally operate within the 2018 budget parameters. The only tax levy increases will be the net increase in salary/wages and fringe benefits for tax levy positions. Some departments may be required to maintain current levy limits.
4. 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.
5. All revenues must be justified. Provide analysis including source of the revenue (fees, fines, service agreements, grants, fund balance applied, etc.) and why the revenue has been increased or decreased. All funds received should be reflected as revenues. All revenue sources will be reviewed.
6. Current County user fees will be reviewed. Fees will be reviewed to determine if the full cost recovery for services occurs.
7. New positions may be considered for the 2019 budget after review and approval by the County Administrator.
8. New programs or services may be considered for the 2019 budget after review and approval of the County Administrator. New program requests need to show a full representation of funding streams and expenses that include a 3-5 year timeframe.
9. Pay Grade Evaluations of current positions will not be considered at this time. A market analysis review of all positions was conducted in 2017 and implementation on 1/1/18. It is anticipated the County will conduct the next market analysis review in 2019 for implementation on 1/1/20.

B. General 2019 Budget Philosophy

1. Evaluate and restructure expenditures to maximize the funding of service operations of the County;
2. Prioritize the treatment of our employees in a fair and responsible manner when considering implementation of the Pay for Performance plan;
3. Consider centralizing or consolidating services both within and outside the organization, where applicable;
4. Improve county revenue streams, where applicable;
5. Focus on innovation and fiscal planning from a strategic and long-term perspective;
6. Evaluate the Program Priority Report in the development of the FY19 Budget.



Department of Administration

Randy Scholz, County Administrator

October 2, 2018

TO: County Board Supervisors
County Department Heads

FR: Randy Scholz, County Administrator

RE: 2019 Recommended Budget

Note: CB changes to CA proposed budget indicated in yellow highlights.

This budget was developed with the assistance and cooperation of the County Department Heads and their staff. They deserve a special thank you for understanding the need to provide the necessary services to our citizens while prioritizing and minimizing the cost to the taxpayers. I want to thank everyone who has worked so hard on this budget. The budget process can be very stressful and complicated. Everyone involved in the process has been professional and willing to look at all areas of the budget.

Each budget has its own set of challenges and opportunities. Challenges include sustaining services to the citizens we serve; opportunities include providing those services in a cost effective way to the citizens of Chippewa County. The number one challenge facing Chippewa County is the current meth epidemic. Meth is also the number one opportunity to provide a high level of service to the community and to have many of the Departments within Chippewa County communicating and working together.

During the department head meetings, many departments talked about how meth is effecting their department. In an effort to address the increased cost, I put together a workgroup comprised of fourteen department heads. After several discussions the group came to a unanimous decision on where to place our limited resources. Their recommendation is reflective throughout the FY19 budget. Seeing this group working together was amazing and everyone in the group should be proud of the result.

After the initial workgroup identified the areas to focus on, we then met with a smaller sub-group comprised of seven departments to work out the details of adding resources. Again, I was very impressed with how fast the group came up with a comprehensive plan to address the needs; if the County Board approves the new positions for FY19.

TAX RATE

The ~~CA proposed~~ **County Board approved** tax rate for the 2019 Chippewa County budget is ~~\$3.61~~ **\$3.64**, which is a reduction from \$3.69 in the 2018 budget. The recommendation is a decrease of ~~2.23%~~ **1.20%**. Here are the reasons for the recommendation:

- A. The County's Equalized Value for FY19 increased by 3.42% or \$173,452,300;
- B. Labor agreement negotiations with WPPA are completed and included;
- C. Continued to provide fiscal stability for CJCC;
- D. Increased staffing levels for Chippewa County to address the meth epidemic, water quality, and the challenge of recruiting and retaining employees;
- E. Maintained Pay for Performance salary adjustment schedule.

RECOMMENDED BUDGET HIGHLIGHTS

1. **Impact of the Meth Epidemic**

Throughout FY18 County Departments have been addressing the daily challenges and impacts of the meth epidemic. This has resulted in recommended increases to staffing levels in DHS/Sheriff/CJCC.

- CJCC adding a halftime contracted position for pretrial
- DHS adding six positions
- Sheriff's Office adding one position

2. **New Positions**

The table below shows the new positions that the County Board approved on 09/11/2018 for incorporation into the FY18/FY19 budgets. All of the positions listed below are currently included in the County Administrator FY19 Recommended Budget.

Summary of New Positions Recommended by the County Administrator				
Description	Department	Budget Process or Mid-Year	County Board Meeting	Comments
Facilities Maintenance Tech I (Full-time)	Facilities & Parks	FY18 Mid-Year	Res. 51-18 9/11/2018	Eliminated two LTEs (Custodian II and Maintenance Tech I)
Social Worker - CCS (Full-Time) - 3 Positions	DHS	FY18 Mid-Year	Res. 52-18 9/11/2018	Proposed 3 new social worker positions for CCS in the Recovery & Wellness Consortium Division to reduce/eliminate waitlist.
Social Worker - CPS (Full-time) - 2 Positions	DHS	FY18 Mid-Year and FY19 Budget	Res. 53-18 Res. 55-18 9/11/2018	Dept proposed 2 new social worker positions in Children Youth and Families Division for Child Protective Services because caseloads exceed industry standards. Originally only 1 position was approved by the CA for FY19. After consideration the 2nd position was approved for a 2018 mid-year request.
Account Assistant II For DHS (Full-time)	DOA/DHS	FY19 Budget	Res. 56-18 9/11/2018	Added a fiscal person to help support the anticipated increased caseload as a result of having more social workers for CPS and CCS.
Patrol Officer (Full-time)	Sheriff	FY19 Budget	Res 54-18 9/11/2018	Address changing society as it relates to mental health issues and crisis intervention, contracted law enforcement services, population growth, citizens' demands, increase in calls for service, and the severity of the calls.
Zoning Technician (Full-time)	P&Z	FY19 Budget	Res 57-18 9/11/2018	To assist with compliance of state requirement for monitoring septic system maintenance program. Position contingent upon approval of ordinance revision to set fees.
Program Agronomist (Full-time)	LCFM	FY19 Budget	Res 58-18 9/11/2018	New program and service for FY19.

3. **Maintain Pay for Performance Salary Adjustment**

On September 11, 2018 the County Board approved Resolution 50-18 to provide funding salary adjustments to the employees of Chippewa County for FY19. The resolution provides \$180,000 of levy funding to meet this objective.

4. **Health Insurance Remaining the Same**

For the past four years, the employees of Chippewa County have not seen an increase in the health insurance rates. This has benefitted the County in the following manner:

- a. It has greatly minimized the stress on the state imposed levy limit that the County is under.
- b. Due to minimal increases for the past four (4) years, there has not been a recommendation to increase the employee contribution to fund health insurance.
- c. No plan design changes to health insurance.
- d. The pay increases the employees have received over the past four (4) years have not been used to offset their health insurance costs.
- f. This has allowed Chippewa County to have competitive health insurance options compared to other organizations/counties which assists in the areas of recruitment and retention.

Although Chippewa County has had little to no increases in health insurance, our surrounding municipalities have seen significant increases or plan design changes to minimize increases to their employees, it is only a matter of time before Chippewa County will see health insurance increases or require plan design changes.

5. **Reinstating Funding to ITBEC**

In the 2018 budget, the County Board approved eliminating Chippewa County's membership to ITBEC and reallocating that \$3,000 to the Chippewa County Tourism Council. This year when the Executive Committee reviewed the County Board FY19 budget, the Executive Committee recommending reinstating the \$3,000 to ITBEC and maintaining the same funding level for the Tourism Council for FY19.

6. **Video Stream County Board Meetings**

The County Board budget includes additional funding for hardware and software to allow the County to move forward with video streaming the County Board meetings.

TAX LEVY

The property tax levy will increase by ~~\$207,966~~ \$407,966 or ~~1.11%~~ 2.18%. The tax (mill) rate will decrease by ~~2.23%~~ 1.20% to ~~\$3.61~~ \$3.64 as equalized valuation for the County has increased 3.42%.

SUMMARY

The FY19 budget before the Chippewa County Board:

1. Is consistent with the Chippewa County Strategic Plan;
2. Is sustainable from FY19 to FY20; and
3. Allows the current Chippewa County Board to address operational needs.

I am always available to answer any questions you may have on the 2019 recommended budget. If you are considering changes to the budget, please contact me prior to the budget hearing to ensure that I have a full understanding of the proposed amendment. This will give me time to gather information, so the full County Board will understand the impact of the change.

Sincerely,



Randy B. Scholz
County Administrator

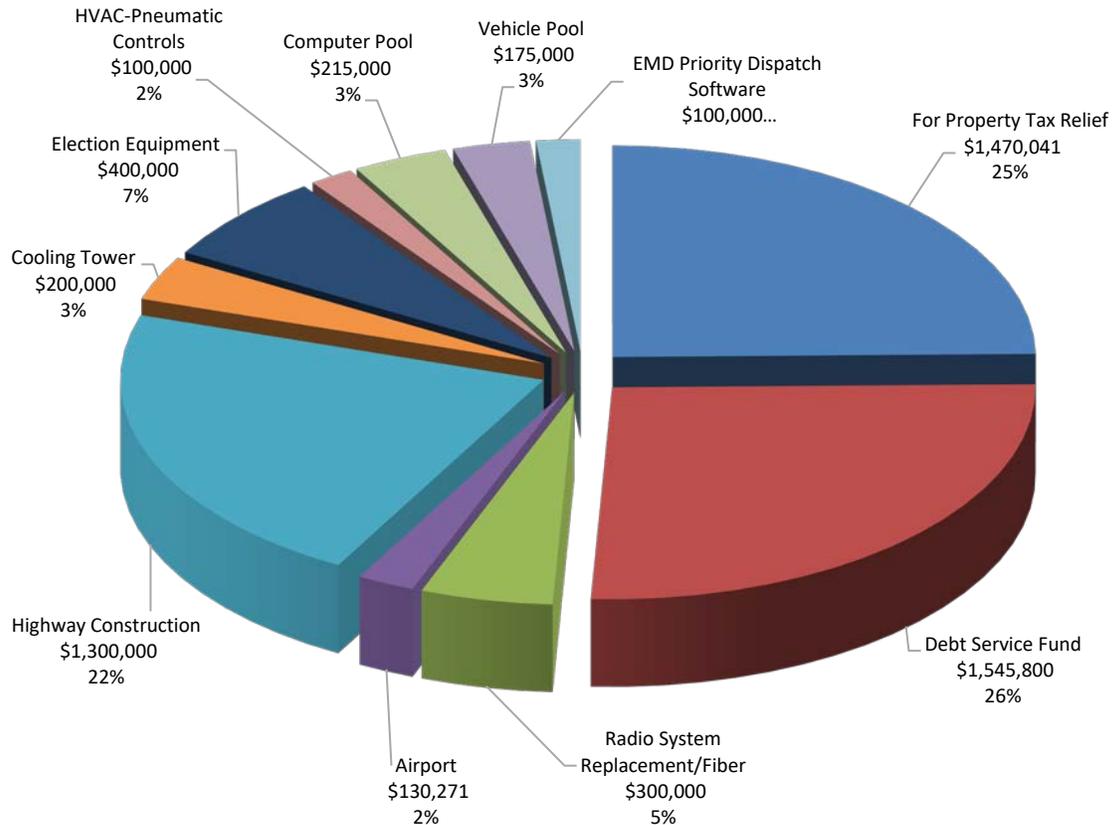
D. Sales Tax Projects Approved

Available Sales Tax Dollars 2018	\$5,936,112
Committed Sales Tax Dollars	
1. Property Tax Credit	1,470,041
2. Debt Service Fund	1,545,800
3. Airport Debt Contribution	<u>130,271</u>
Total Committed Sales Tax Dollars	3,146,112
Non-Committed Sales Tax Dollars Available 2018	<u>\$2,790,000</u>
Total Sales Tax Dollars Available 2018	\$5,936,112

Requested Sales Tax Uses – Approved (CIP)

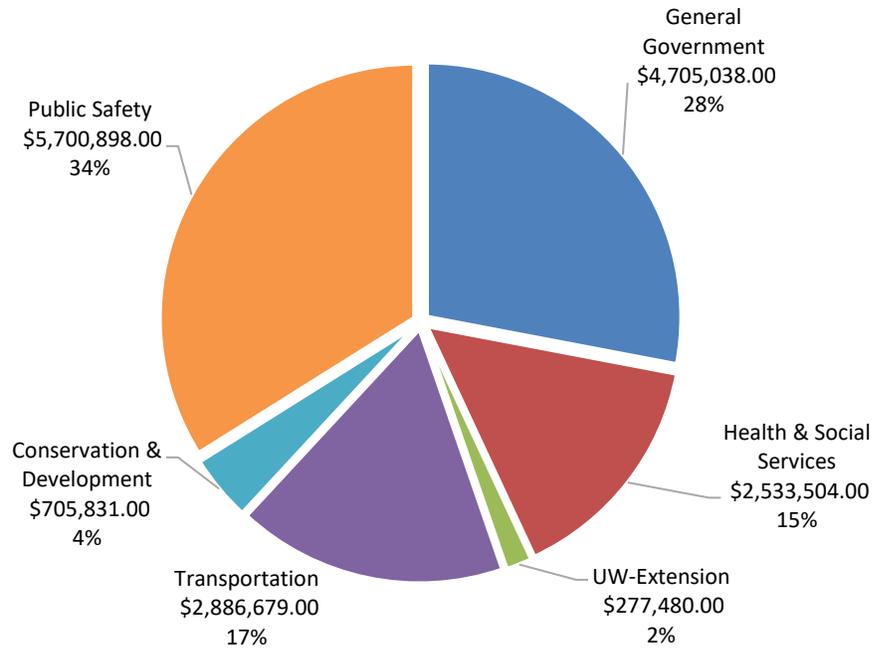
Upgrade County-wide Election Equipment – Resolution 21-18	400,000
Non-Highway Vehicle Fleet Pool – Resolution 27-18	175,000
Highways & Bridges – Resolution 28-18	1,300,000
IT Equipment Replacement & Data Center – Resolution 29-18	215,000
HVAC – Convert Pneumatic Controls to Digital (Year 2 of 2) – Resolution 31-18	100,000
Cooling Tower Replacement – Resolution 32-18	200,000
Radio System Replacement/Fiber Installation – Resolution 34-18	300,000
EMD Priority Dispatch Software – Resolution 35-18	<u>100,000</u>
TOTAL	\$2,790,000

Total for 2019 Sales Tax Distribution



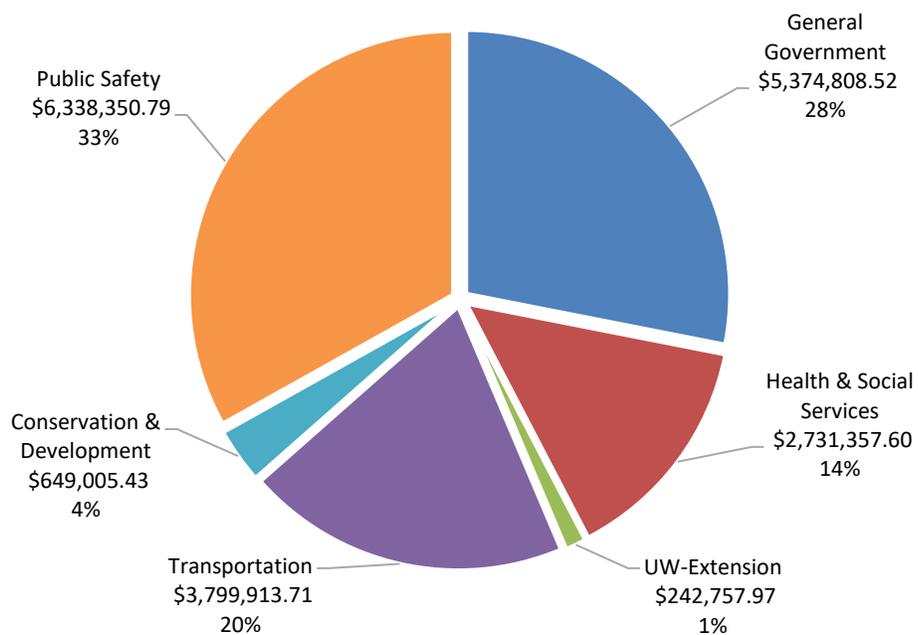
E. Tax Levy Comparison – 2014 Budget vs. 2019 Budget

2014 Budget Tax Levy



Note: Chart below updated to reflect CB changes to CA proposed budget

2019 Budget Tax Levy



F. 2019 Budget – General Information

I. Equalized Valuation

2013 for 2014	\$4,448,218,700	Increase of \$ 71,618,300 or 1.6%
2014 for 2015	\$4,567,918,100	Increase of \$119,669,400 or 2.7%
2015 for 2016	\$4,742,695,200	Increase of \$174,777,100 or 3.8%
2016 for 2017	\$4,912,661,000	Increase of \$169,965,800 or 3.58%
2017 for 2018	\$5,078,001,000	Increase of \$165,340,000 or 3.37%
2018 for 2019	\$5,251,453,300	Increase of \$173,452,300 or 3.42%

II. Tax Rate

2013 for 2014	\$3.78 / \$1,000	Increase of .8%
2014 for 2015	\$3.77 / \$1,000	Decrease of .2%
2015 for 2016	\$3.69 / \$1,000	Decrease of 2.02%
2016 for 2017	\$3.68 / \$1,000	Decrease of .27% (Amended by CB 11/3/16)
2017 for 2018	\$3.69 / \$1,000	Increase of 0.2% (Amended by CB 11/2/17)
2018 for 2019	\$3.61 / \$1,000 \$3.64 / \$1,000	Decrease of 2.23% Decrease of 1.20% (Amended by CB 11/1/18)

NOTE: There is an inverse relationship between equalized value and tax rate. As equalized valuation increases, tax rate decreases by the same proportion and vice versa.

III. Property Tax Levy

2013 for 2014	\$16,809,429	Increase of 2.4%
2014 for 2015	\$17,213,225.53	Increase of 2.4%
2015 for 2016	\$17,514,446	Increase of 1.75%
2016 for 2017	\$18,103,129	Increase of 3.36% (Amended by CB 11/3/16)
2017 for 2018	\$18,728,228	Increase of 3.45% (Amended by CB 11/2/17)
2018 for 2019	\$18,936,194 \$19,136,194	Increase of 1.11% Increase of 2.18% (Amended by CB 11/1/18)

IV. Allowable and Proposed Property Tax Levy Dollars and Levy Rates

Allowed by State Levy Dollar Limit Worksheet	\$19,325,692 or \$3.68 per \$1,000
Proposed for 2019	\$18,936,194 or \$3.61 per \$1,000 \$19,136,194 or \$3.64 per \$1,000

V. General Fund Balance Applied

2019 Budget	\$0
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6 Year Average Percentage Change

	2014	2015	2016	2017	2018	2019	Average
Equalized Valuation	1.60	2.70	3.80	3.58	3.37	3.42	3.08
Tax Rate	0.80	- 0.20	- 2.02	- 0.27	0.20	-2.23 -1.20	-0.62 -0.45
Property Tax Levy	2.40	2.40	1.75	3.36	3.45	1.11 2.18	2.41 2.59

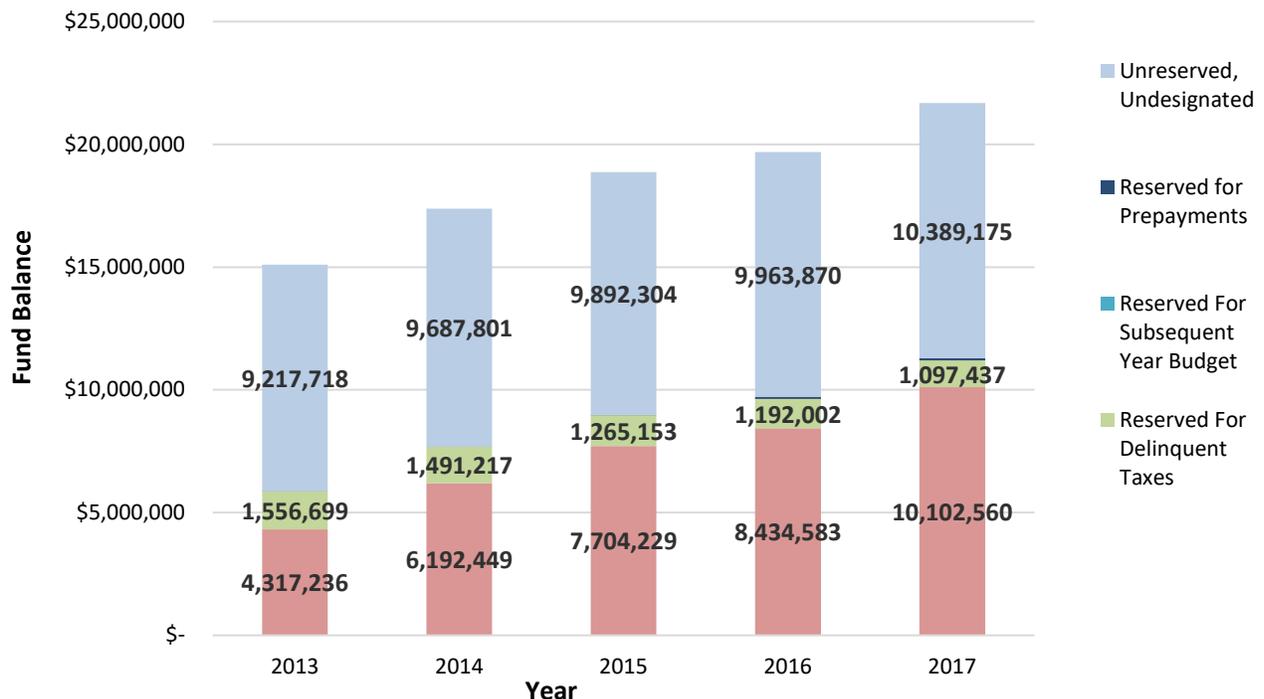
G. Analysis of Audited General Fund Balances 2013 - 2017



A 5-Year General Fund Analysis occurs for bonding events by the bond rating agency. Chippewa County strives to maintain fund balances over 35% to allow for a better (lower) interest rate.

	2013	2014	2015	2016	2017	Per 2017 Audited Numbers Recommended Undesignated	
						Minimum	Maximum
Reserved for Total Designated Balances	4,317,236	6,192,449	7,704,229	8,434,583	10,102,560		
Reserved for Delinquent Taxes	1,556,699	1,491,217	1,265,153	1,192,002	1,097,437		
Reserved for Subsequent Year Budget	0	0	0	0	0		
Reserved for Prepayments	1,977	4,639	6,278	91,534	86,244		
Unreserved, Undesignated	9,217,718	9,687,801	9,892,304	9,963,870	10,389,175	7,394,559	9,760,818
Total General Fund Balance	15,093,630	17,376,106	18,867,964	19,681,989	21,675,416		
% of Undesignated Fund Balance to General Fund Expenditures per Executive Summary	31.9%	34.0%	34.8%	32.5%	35.1%	25.0%	33.0%

**General Fund Balances
2013 - 2017**

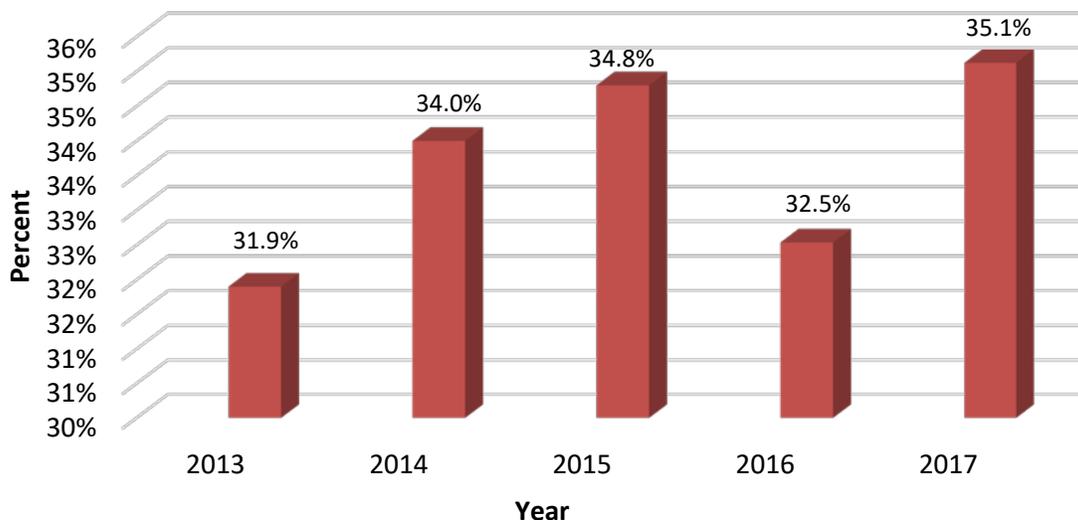


H. Chippewa County General Fund Balance Unreserved / Undesignated

Recommended Action

I. Auditor Recommended Min/Max		
	\$7,394,559	25%
	\$9,760,818	33%
II. 2017		
12/31/2017 – Current Audited Balance	\$10,389,175	35.1%
III. 2018 Allocation		
General Fund Balance Applied During 2018	\$0	
IV. Projected 2018 Ending Balance		
General Fund Balance Unreserved/Undesignated	\$10,389,175	35.1%
V. 2019 Budget		
Recommended Use of General Fund Balance Unreserved/Undesignated	\$0	
VI. Projected 2019 Ending Balance		
General Fund Balance Unreserved/Undesignated	\$10,389,175	35.1%

Percent of Undesignated Fund Balance to General Fund Expenditures (Auditor Recommended 25-33%)



I. 2019 Budget Summary

1. 2019 Budget

NOTE: CB Changes to CA proposed budget indicated in yellow

Recommended Total 2019 Budget	\$77,320,516	\$77,520,516	
Recommended Tax Levy	\$18,936,194	\$19,136,194	Increase of 1.11% 2.18%
Recommended Tax Rate	\$3.61 \$3.64 / \$1,000		Decrease of 2.23% 1.20%

2. Past, Current & Future Bond Rating

- Continuation of current financial position with fund balance over 35% will allow for a better (lower) interest rate should Chippewa County undertake a borrowing effort in the future.
 - Current Bond Rating Aa¹

3. The County's Recommended Tax Rate of ~~\$3.61~~ **\$3.64** / 1,000 is low in comparison to other similar Counties.

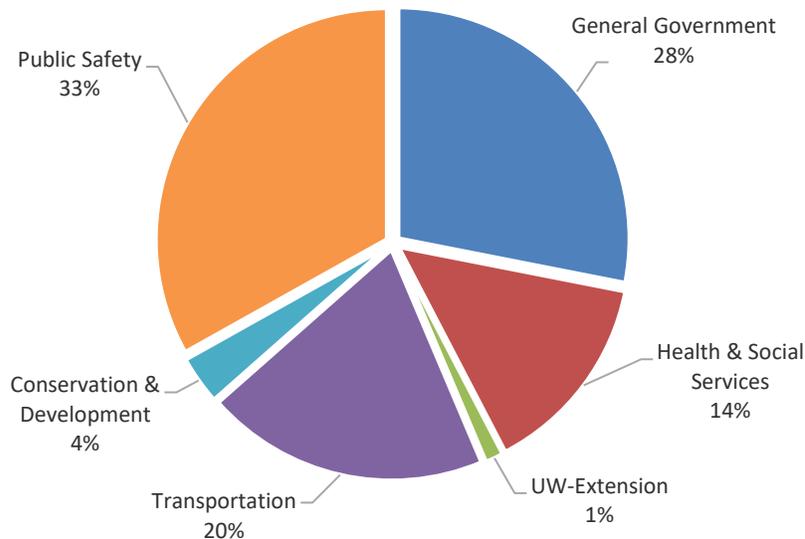
- Yet the County road infrastructure is the 4th largest in the State and demand for all other service(s) is virtually the same in other Counties. The levy rate has maintained minimal changes for the last several years.

4. Comparison – County Tax Impact on Homeowners

Home Value	2018 Tax Per \$1,000	Proposed 2019 Tax Per \$1,000	Proposed Change Amount
	\$3.69	3.61 3.64	
\$100,000 Residence	\$369.00	361.00 364.00	(\$8.00) (\$5.00)
\$150,000 Residence	\$553.50	541.50 546.00	(\$12.00) (\$7.50)
\$200,000 Residence	\$738.00	722.00 728.00	(\$16.00) (\$10.00)

Note: Chart below updated to reflect CB changes to CA proposed budget

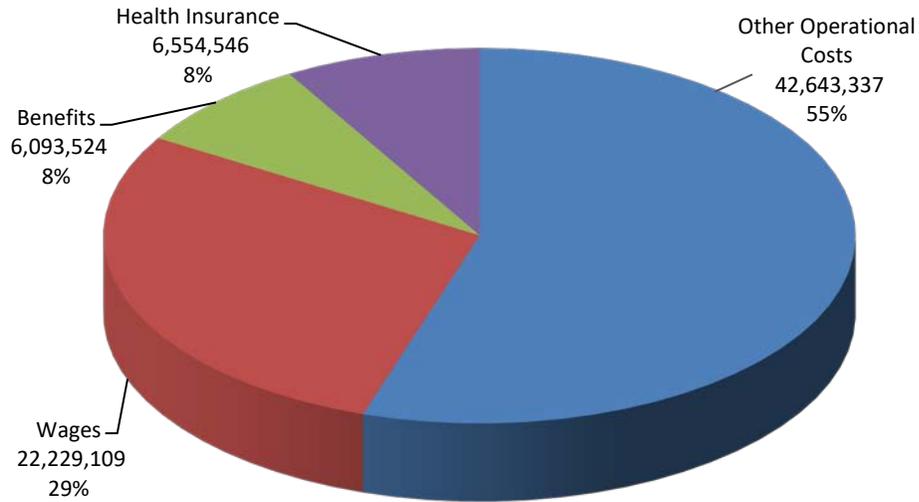
Distribution of Proposed Tax Decrease of ~~\$12.00~~ **\$7.50** Based on Levy Allocation for \$150,000 Residence



J. Conclusion

Note: Chart below updated to reflect CB changes to CA proposed budget

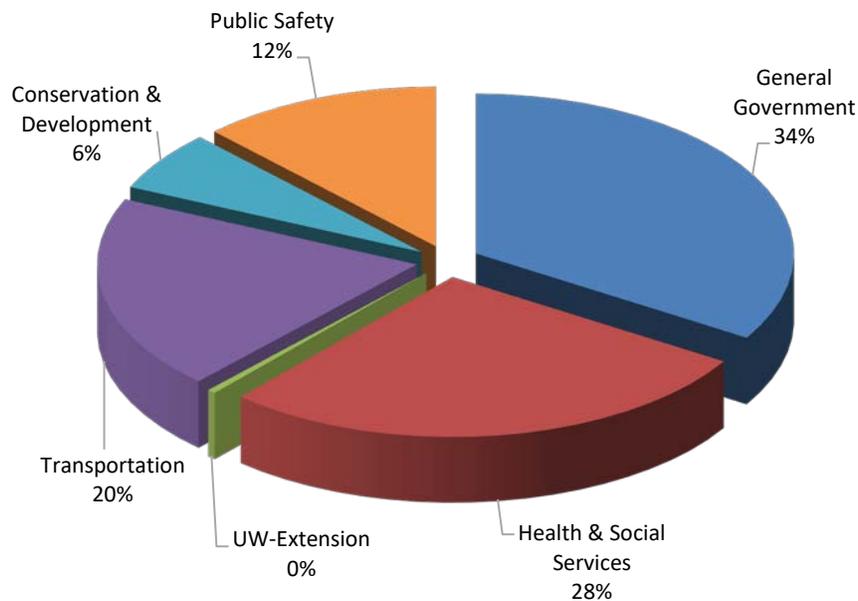
Total 2019 Budgeted Expenses



Benefits Include: Employer Share of: FICA Taxes, Workers Compensation, Wisconsin Retirement, Life Insurance Benefit and Disability Benefit

Note: Chart below updated to reflect CB changes to CA proposed budget

Total 2019 Budget By Function \$77,520,516



K. Chippewa County Strategic Plan

The Strategic Plan was adopted by the County Board on 06-14-11 per Resolution 21-11

GOAL Coordinate and collaborate with government entities at all levels to ensure effective and efficient government services.

- Encourage coordination/sharing of services with other government & private sector entities.
- Educate County Board members and other local elected officials about how different units of government operate/function.
- Develop open communication with government at all levels.

GOAL Strive to enhance our internal operations to better address future needs.

- Review all departments for efficiencies and opportunities to work together more effectively.
- Enhance citizen involvement in County government-encourage competition for elections and volunteerism.
- Clarify the role and structure of the County Board.

GOAL Address the fiscal challenges of Chippewa County Government while providing the right mix and level of public service.

- Promote economic development that contributes to a stable or growing tax base (better utilization of business parks).
- Analyze and prioritize County's spending including additional ways to fund services and privatization of some services.
- Negotiate labor costs and union contracts.

GOAL Provide a safe, healthy, and prosperous environment for Chippewa County employees, clientele, and citizens.

- Promote a strong economy (jobs and incomes for Chippewa County residents).
- Maintain and improve public safety/law enforcement.
- Manage and protect the County's natural resources for the future including water, forests, etc.

