

Chippewa County 2016 Budget

Frank R. Pascarella, County Administrator



November 10, 2015

County Board of Supervisors

- | | | |
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Revised: 10/01/15

Adopted by the County Board 11-10-15

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Department of Administration

Frank Pascarella, County Administrator

October 6, 2015

TO: County Board Supervisors
County Department Heads

FR: Frank Pascarella, County Administrator

RE: 2016 Recommended Budget

Over the past two years it has been my objective to present the County Board with a responsible and sustainable budget that follows both the County Strategic Plan and the culture of the community. I believe the FY16 budget meets that objective. FY16 will also be a year in which the County Board, Department Heads, managers and employees will need to address how we can maintain the service expectations of the citizens in the future. Clearly the state legislature and our citizens do not want to provide additional funding, yet still expect to receive, or have available to them, the same level of services county government provides.

In order to meet this government and citizen mandate the County should consider the following in FY16:

1. Review the Strategic Plan that was adopted in 2011 to see if any revisions are needed.
2. Review and determine the service priorities of the County similar to the 2009 priority review process. Although this evaluation process takes time, it is an essential report that assists with developing and implementing the County budget.
3. Look to either partner with other counties or local governments on service delivery, or outsource services when they are economically and operationally efficient, sustainable, and cost effective.
4. Reduce costs and generate revenue through regional initiatives, similar to what we have done in Human Services with Economic Support and Mental Health Redesign. Utilize the CJCC to reduce costs within the legal and law enforcement community.
5. Put more emphasis on communicating and listening to the public regarding service expectations and balancing those with the associated costs. There must be a shared understanding that to meet any new service demands, a sustainable funding source must be identified.
6. Maintain the County's commitment to the Pay for Performance policy.

CHALLENGES FOR FY16

Some of the operational challenges for FY16 include:

1. Although we had no increase in Health insurance for FY16, we will need to review the Health Insurance Benefit program for sustainability in 2017 and beyond.
2. Continuing to address the cost and operational impact of the ACA on the County. This will be an ongoing administrative and fiscal challenge for the County. Our initial major challenge will be to comply with the regulations pertaining to the "Cadillac Plan".
3. Making sure that the County Highway Department stays within budget for winter maintenance so we can meet our objective to sunset the Wheel Tax at midnight on January 1, 2020 after the Highway Winter Maintenance fund has been restored per Ordinance 10-14.
4. Implementing the County Security Program from a policy and capital project perspective.

5. Completing the FY16 Capital Improvement Program (CIP) Program.
6. Managing staff time to continue providing the services and completing the required county projects and state mandated programs.
7. Establishing metrics to evaluate and determine if, or how, to fund increased service demands under the current levy limit environment and how to best redefine or prioritize these current and established services over the next 1-3 years. Again, having departments and committees review service priorities is essential in meeting this challenge.
8. Review how some established services (non-mandated in particular) should be structured and funded. Later in the budget we will be discussing the Home Care program. This is one example of the challenges that we in County government have when trying to address meeting the service delivery needs of the citizens, while still managing levy limits and the personnel needs of all County departments.
9. Collaborate with CJCC to establish a sustainable revenue stream for Drug Court for FY16 and beyond. The CJCC currently has a TAD and Drug Court grant. This equals \$160,000+ of the funding for the CJCC. If we do not find a sustainable funding source other than through grants, or if the grant programs are eliminated, then the only option left is to fund the CJCC program through the levy.
10. Working with the CCEDC, local businesses, and schools to ensure that the County investment in the Skill Gap Initiative is a success. The County believes this is an important program that will motivate students and others to employment opportunities that increase the population and wealth to Chippewa County. Another objective should be to have this program become sustainable as soon as possible; thereby eliminating the need for the County to fully fund this program for a three year period.

NEW POSITION

There are no new positions being budgeted for FY16.

RECOMMENDED BUDGET HIGHLIGHTS

1. **County Clerk:**
 - Increased library reimbursements by \$33,000 in FY16 budget and over the last two years \$47,000. This increase will occur over the next three years.
2. **County Administrator:**
 - Transferred \$26,382 out of the CA budget to the Facilities & Parks budget to hire an LTE.
 - Restructured the Department of Administration.
 - Reduced contracted services by \$10,000 to assist with levy reduction.
3. **Corporation Counsel:**
 - Transitioned property and liability insurance along with coordination and management of the RFP process from the Risk Management Division.
 - WMMIC Board representative.
 - Transitioned property insurance coverage from LGPIF to Municipal Property Insurance Company (MPIC).
4. **Criminal Justice Collaborating Council (CJCC):**
 - CJCC Coordinator increased from a ¾ to a full time FTE. The additional \$25,139 needed to fund this position came from the Department of Human Services levy.
5. **District Attorney / Crime Victim Witness:**
 - Armed bailiffs are identified in the security plan to be addressed in 2020.
6. **Economic Development:**
 - Per Resolution 15-15 the County will appropriate \$225,000 to the CCEDC to manage and oversee, in concert with the Boys Scouts of America, a skills gap initiative for Chippewa County. In FY15 and FY16 we appropriated \$75,000 and may appropriate the same amount for FY17 if needed.

7. **Facilities & Parks:**
 - Transferred \$26,382 from the CA budget to the F&P Division for an LTE.
 - \$13,795 additional increase for electric and heat costs.
 - Transferred \$8,000 from the RM budget for confidential shredding.

8. **Finance:**
 - Transitioned the purchasing program from the Risk Management Division.
 - Restructured a Land Conservation Forest Management (LCFM) vacant position from Conservation and Grants Administrator to an Accountant position who will report to the Finance Director.

9. **Highway:**
 - The Vehicle Registration Fee for Winter Maintenance is on target.
 - Allocated \$30,000 to increase the contract with MEUW for our Safety Coordinator.
 - FY16 is year three of a ten year transportation plan to allocate an additional \$50,000 of levy for road improvements.

10. **Human Resources:**
 - Transitioned Workers Compensation, Wellness and Safety from the Risk Management Division.
 - Transferred the FTE from RM to HR to manage these responsibilities.

11. **Human Services / ADRC (Including Juvenile Intake):**
 - Per Resolution 12-14 transferred Juvenile Intake Worker to DHS commencing 1-1-16. The DHS absorbed the cost and responsibility to provide the Juvenile Intake service for the County. The position will be supervised by the YSSD Division Manager. This position will be initially located on second floor with this matter being re-evaluated prior to January 1, 2017.
 - Western Region Recovery and Wellness (WRRWC) consortium has been fully implemented.

12. **Information Technology:**
 - Transferred \$12,500 from the RM budget to the IT Division to contract with CESA 10 to provide video services. This will allow us to develop and view training videos on subjects such as PFP, safety, employee orientation, MLK Inservice, etc.
 - Additional \$4,000 increase for software maintenance costs of.

13. **Public Health:**
 - Provided an additional \$90,000 to the Home Care budget to assist with program deficits. This is the second year in a row in which levy was added to sustain the Home Care program.
 - Additional \$35,000 in revenue based on results of the Home Care study pertaining to changes made to Medicare billing.

14. **Register in Probate:**
 - Transferred the Juvenile Court Clerk from Juvenile Intake under the supervision of the Register in Probate.

15. **Sheriff:**
 - Transitioned food vendors from Aramark to CBM to increase efficiencies in the jail.

16. **Treasurer:**
 - Increased long term portfolio investments by \$25,000.

TAX LEVY

The tax levy will increase \$301,220.47 (1.75%) The tax (mill) rate will decrease by 2.02% as equalized valuation for the County went up 3.8%.

SUMMARY

The FY16 budget before the Chippewa County Board:

1. Is consistent with the Chippewa County Strategic Plan,
2. Is sustainable from FY16 to FY17,
3. Provides a levy increase that is consistent with my recommended budgets of the past; and
4. Allows the current Chippewa County Board to address operational needs vs. ignoring them or passing those challenges onto future County Boards.

The FY16 Budget that I am recommending to the County Board for approval 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. Secondly, I would publicly like to thank the budget team of Finance Director Melissa Roach, Senior Account Manager Lori Zwiefelhofer, and Human Resources Director Toni Klawiter, for their time and effort in the development of the FY16 budget.

I will be available to answer any questions you may have on this matter in advance of the November budget hearing.

Sincerely,



Frank R. Pascarella
County Administrator

B. Initial 2016 Budget Instructions/Guidelines

1. FY16 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 2015 budget parameters. The only tax levy increases will be the net increase in salary/wages and fringe benefits for tax levy positions.
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. 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 2016 budget only at the discretion of the County Administrator.
8. New programs or services will not be considered for the 2016 budget without prior approval of the County Administrator. New program requests need to show a full and total funding stream.
9. Pay Grade Evaluations of current positions will not be considered at this time. All positions were placed in the proper classification during the compensation plan.

C. General 2016 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 FY16 Budget.

D. 2016 Recommended Budget Highlights

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

* Child Support	* Land Conservation & Forest Management
* Circuit Court	* Planning & Zoning (including Land Records)
* Coroner	* Register of Deeds
* County Board	* UW Extension
* Emergency Management	* Veterans Service

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

* County Clerk	<p>Refer to pages 2 – 5 of the County Administrator’s budget letter to review the specific changes for these budgets.</p> 
* County Administrator	
* Corporation Counsel	
* Criminal Justice Collaborating Council (CJCC)	
* District Attorney / Crime Victim Witness	
* Economic Development	
* Facilities & Parks	
* Finance	
* Highway	
* Human Resources	
* Human Services / ADRC (Including Juvenile Intake)	
* Information Technology	
* Public Health	
* Register in Probate	
* Sheriff	
* Treasurer	

III. Sales Tax Projects Approved

Available Sales Tax Dollars 2015	\$5,441,045
Committed Sales Tax Dollars	
1. Property Tax Credit	1,400,389
2. Debt Service Fund	1,661,675
3. Airport Debt Contribution	<u>128,981</u>
Total Committed Sales Tax Dollars	3,191,045
Non-Committed Sales Tax Dollars Available 2015	<u>\$2,250,000</u>
Total Sales Tax Dollars Available 2015	\$5,441,045

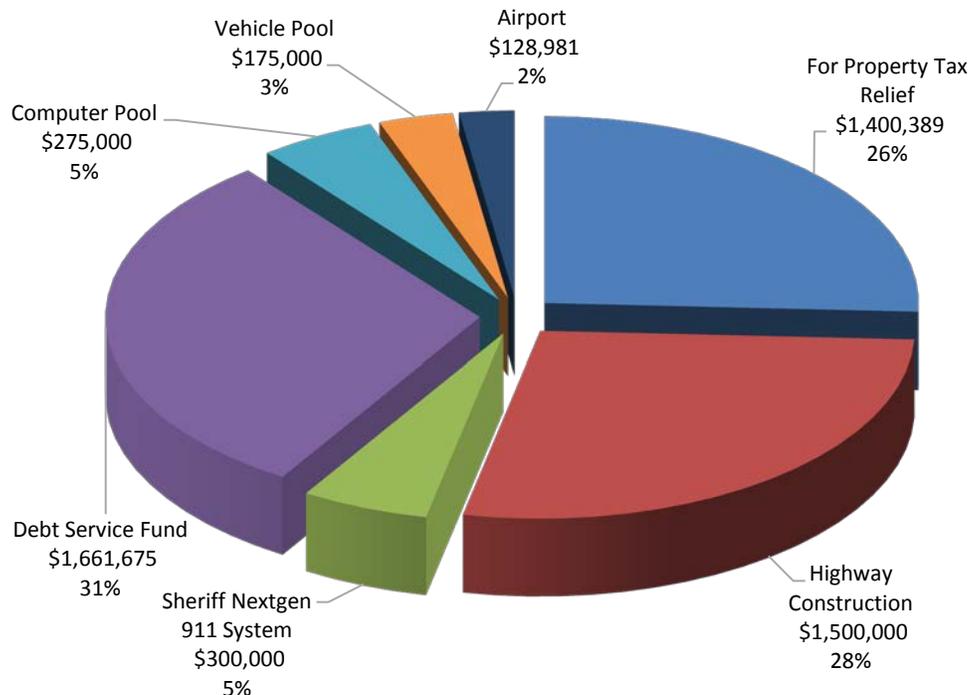
Requested Sales Tax Uses – Approved (CIP)

IT Equipment Replacement & Data Center – Resolution 23-15	275,000
Non-Highway Vehicle Fleet Pool – Resolution 24-15	175,000
Highways & Bridges – Resolution 25-15	1,500,000
911 Phone System – Resolution 26-15	<u>300,000</u>
TOTAL	\$2,250,000

Note: The 2016 projects listed below will be funded as presented in the May 12, 2015 Financial Report to the County Board. No additional County Board approval is needed at this time.

- \$1,000,000 Radio System Replacement Project (Year 1 of 3)
- \$150,000 Courthouse Security Plan
- \$150,000 Park Master Plan

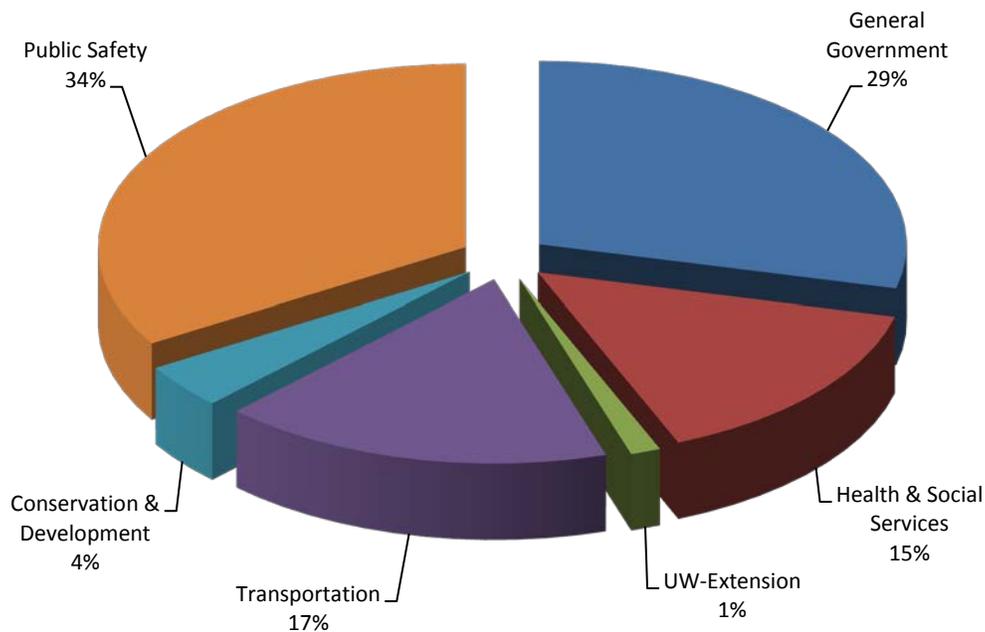
Total for 2016 Sales Tax Distribution



E. Chippewa County Levy Limit Worksheet 2016 Budget

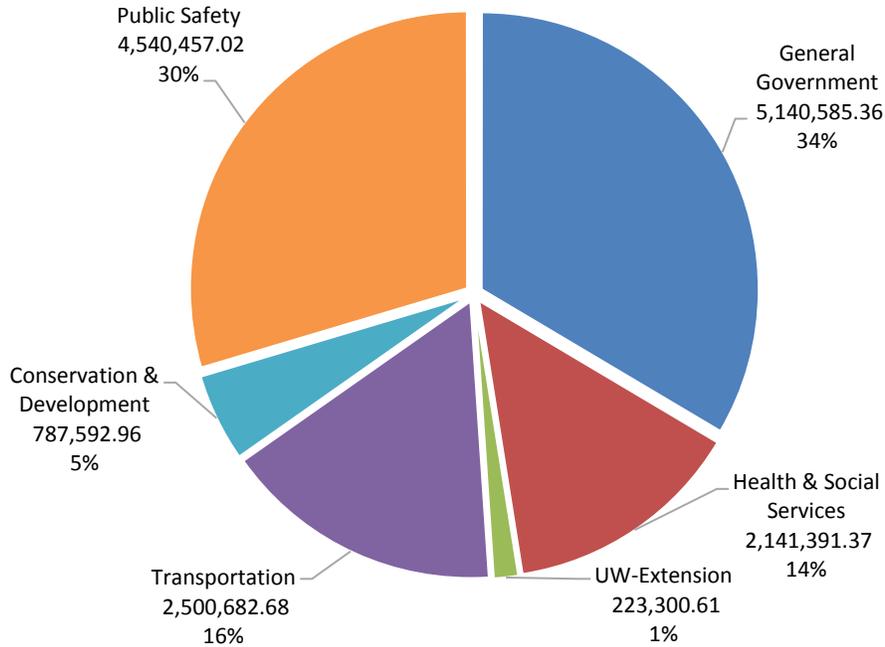
2014 Payable 2015 County Levy	17,213,226
Adjust Out:	
Libraries	(628,195)
Bridge Aid	0
G O Debt Issued After 7/1/2005	<u>(882,115)</u>
2014 Payable in 2015 Adjusted County Levy	15,702,916
0% Growth Plus Terminated TID .066%	15,713,280
Net New Construction of 1.501% Plus Terminated TID .066%	<u>15,948,981</u>
Larger of Growth or Net New Construction	15,948,981
Adjust In:	
Libraries	661,337
Bridge Aid	15,350
G O Debt Issued After 7/1/2005	<u>1,661,675</u>
2015 Payable in 2016 Allowable Levy	\$18,287,343
2016 Recommended Levy – County Administrator	\$17,514,446

2016 Budget Tax Levy Distribution by Functions

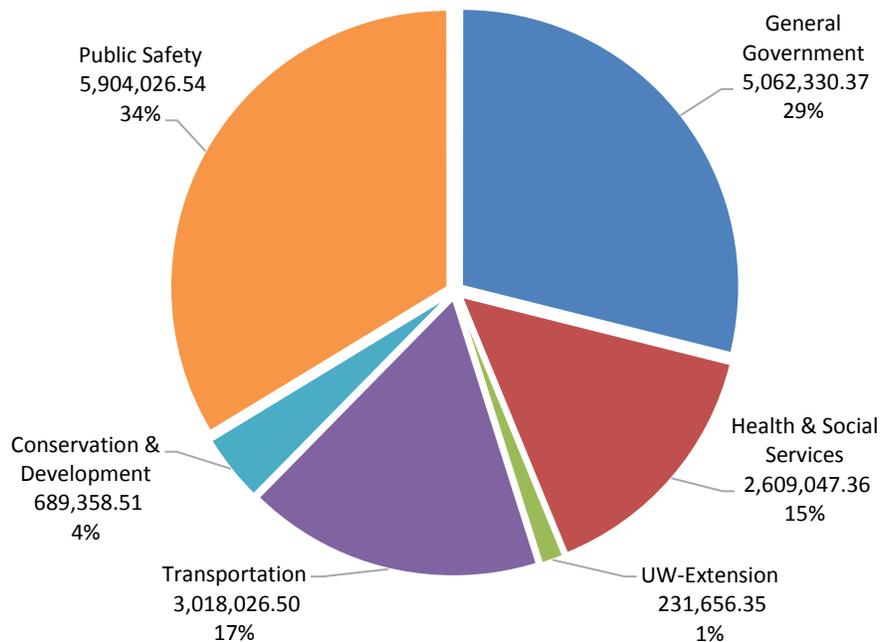


F. Tax Levy Comparison – 2011 Budget vs. 2016 Budget

2011 Budget Tax Levy



2016 Budget Tax Levy



G. 2016 Budget – General Information

I. Equalized Valuation

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%
2012 for 2013	\$4,376,600,400	Decrease of \$ 29,683,000 or 0.7%
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%

II. Tax Rate

2010 for 2011	\$3.45 / \$1,000	Increase of 2.7%
2011 for 2012	\$3.55 / \$1,000	Increase of 2.9%
2012 for 2013		
Before Levy Transfer	\$3.67 / \$1,000	Increase of 3.4%
After Levy Transfer	\$3.75 / \$1,000	Increase of 5.6% Dispatch consolidation
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%

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

2010 for 2011	\$15,334,010	Increase of 3.5%
2011 for 2012	\$15,650,600	Increase of 2.1%
2012 for 2013		
Before Levy Transfer	\$16,073,184	Increase of 2.7%
After Levy Transfer	\$16,412,252	Increase of 4.9% Dispatch consolidation
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%

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

Allowed by State Levy Dollar Limit Worksheet	\$18,287,343 or \$3.86 per \$1,000
Proposed for 2016	\$17,514,446 or \$3.69 per \$1,000

V. General Fund Balance Applied

2016 Budget	\$0
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6 Year Average Percentage Change

	2011	2012	2013	2014	2015	2016	Average
Equalized Valuation	0.40	-1.00	-0.70	1.60	2.70	3.80	1.13
Tax Rate	2.70	2.90	5.60	0.80	-0.20	-2.02	1.63
Property Tax Levy	3.50	2.10	4.90	2.40	2.40	1.75	2.84

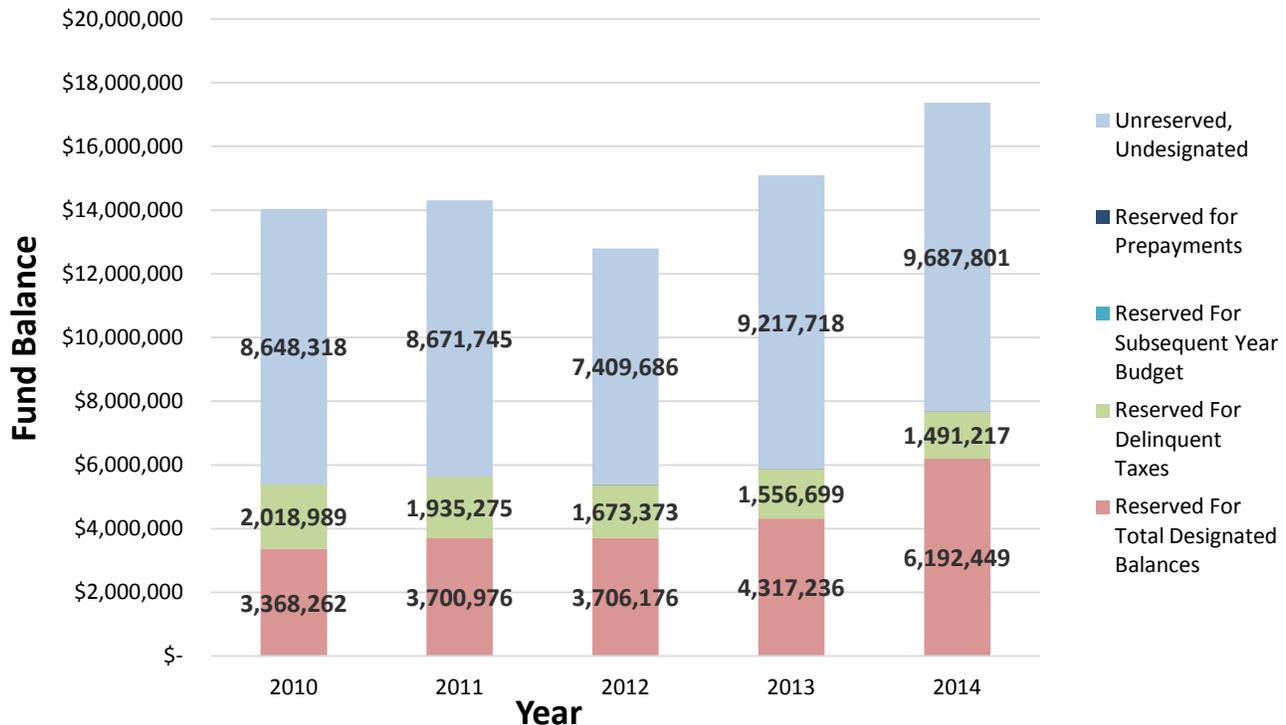
H. Analysis of Audited General Fund Balances 2010 - 2014



A 5-Year General Fund Analysis occurs for bonding events by the bond rating agency. Chippewa County strives to maintain fund balances over 30% to allow for a better (lower) interest rate.

	2010	2011	2012	2013	2014	Per 2014 Audited Numbers Recommended Undesignated	
						Minimum	Maximum
Reserved for Total Designated Balances	3,368,262	3,700,976	3,706,176	4,317,236	6,192,449		
Reserved for Delinquent Taxes	2,018,989	1,935,275	1,673,373	1,556,699	1,491,217		
Reserved for Subsequent Year Budget	0	0	0	0	0		
Reserved for Prepayments	2,361	1,084	5,275	1,977	4,639		
Unreserved, Undesignated	8,648,318	8,671,745	7,409,686	9,217,718	9,687,801	7,129,900	9,411,468
Total General Fund Balance	14,037,930	14,309,080	12,794,510	15,093,630	17,376,106		
% of Undesignated Fund Balance to General Fund Expenditures per Executive Summary	33.3%	30.5%	26.0%	31.9%	34.0%	25.0%	33.0%

**General Fund Balances
2010 - 2014**

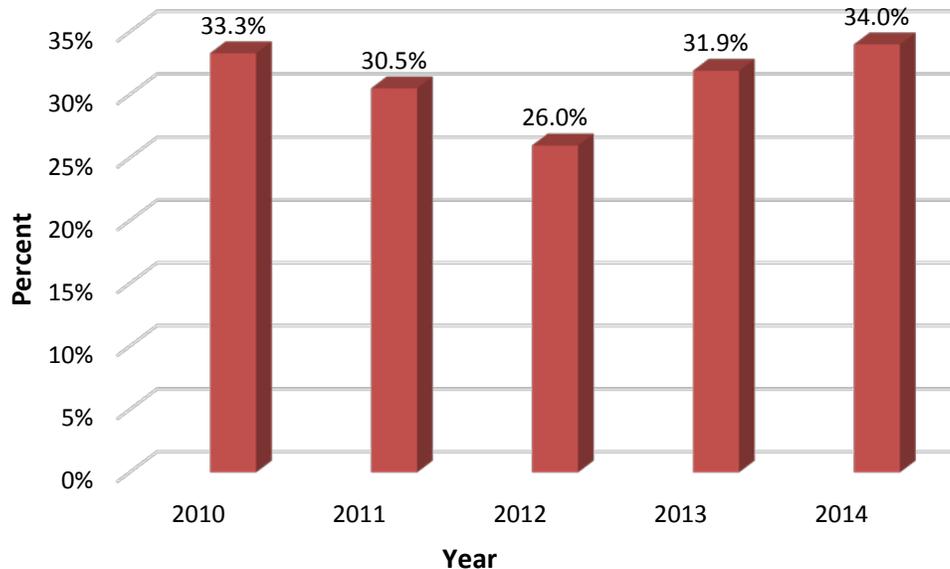


I. Chippewa County General Fund Balance Unreserved / Undesignated

Recommended Action

I. Auditor Recommended Min/Max		
	\$7,129,900	25%
	\$9,411,468	33%
II. 2014		
12/31/2014 – Current Audited Balance	\$9,687,801	34%
III. 2015 Allocation		
General Fund Balance Applied During 2015	\$0	
IV. Projected 2015 Ending Balance		
General Fund Balance Unreserved/Undesignated	\$9,687,801	34%
V. 2016 Budget		
Recommended Use of General Fund Balance Unreserved/Undesignated	\$0	
VI. Projected 2016 Ending Balance		
General Fund Balance Unreserved/Undesignated	\$9,687,801	34%

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



J. 2016 Budget Summary

1. 2016 Budget

Recommended Total 2016 Budget	\$63,955,511	
Recommended Tax Levy	\$17,514,446	Increase of 1.75%
Recommended Tax Rate	\$3.69 / \$1,000	Decrease of 2.02%

2. Status Quo Budget – Operational Efforts

- No new programs.
- Continuation of existing programs/service levels.

3. Past, Current & Future Bond Rating

- Continuation of current financial position with fund balance over 30% will allow for a better (lower) interest rate should Chippewa County undertake a borrowing effort in 2016.
 - Current Bond Rating Aa²

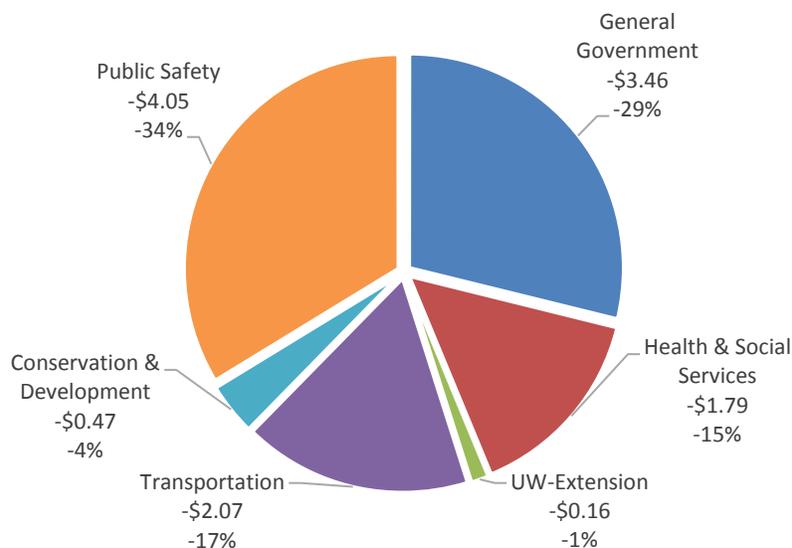
4. The County’s Recommended Tax Rate of \$3.69/ 1,000 is low in comparison to other similar Counties.

- 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.

5. Comparison – County Tax Impact on Homeowners

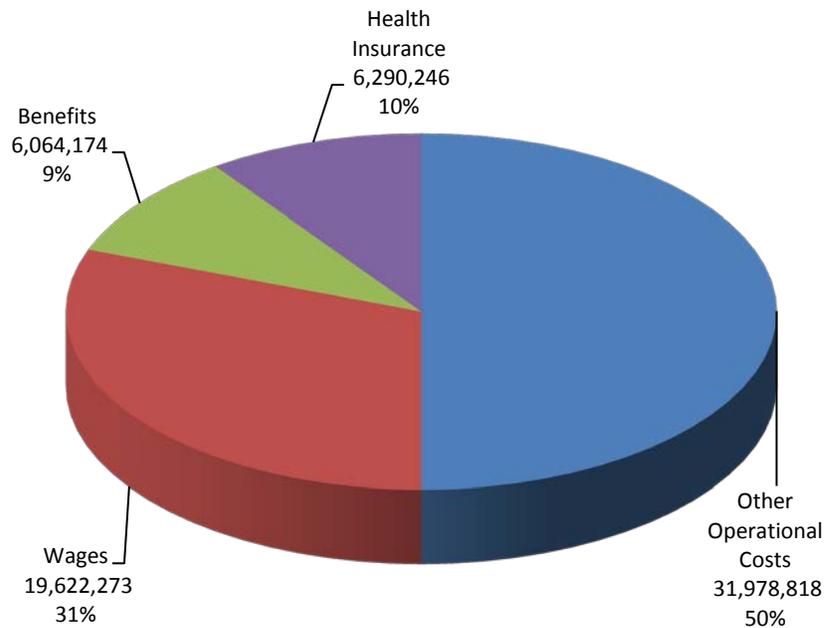
Home Value	2015 Tax Per \$1,000	Proposed 2016 Tax Per \$1,000	Proposed Change Amount
	\$3.77	\$3.69	
\$100,000 Residence	\$377.00	\$369.00	(\$8.00)
\$150,000 Residence	\$565.50	\$553.50	(\$12.00)
\$200,000 Residence	\$754.00	\$738.00	(\$16.00)

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



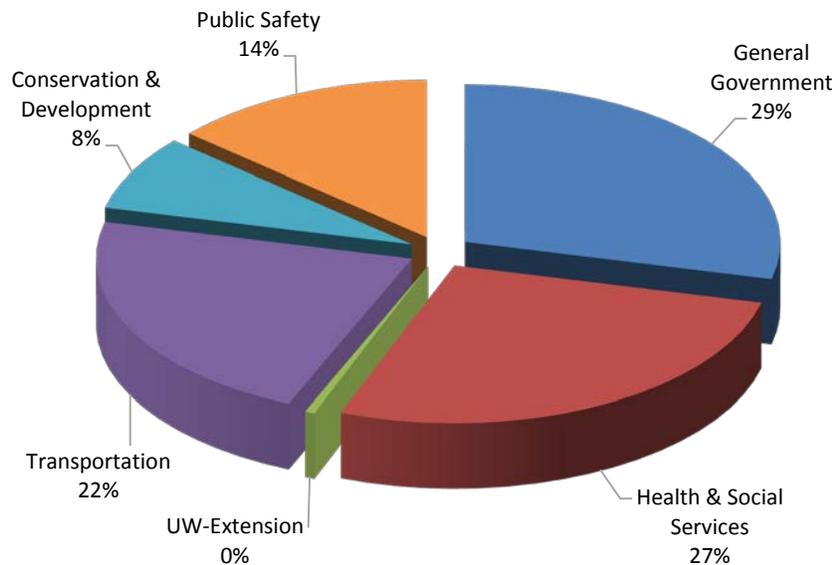
K. Conclusion

Total 2016 Budgeted Expenses



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

Total 2016 Budget By Function \$63,955,511



L. 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.

