



COUNTY BOARD STAFF/FINANCE COMMITTEES
Minutes - June 11, 2018

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, Mawhinney, Bostwick, Brill, Peer, Sweeney and Thomas. Finance Committee – Supervisors Mawhinney, Beaver, Fox, Podzilni and Yeomans.

Committee Members Absent: Supervisor Bussie (County Board Staff).

Staff Members Present: Josh Smith, County Administrator; Nick Osborne, Assistant to the County Administrator; Sherry Oja, Finance Director; Annette Mikula, Human Resources Director; Richard Greenlee, Corporation Counsel.

Others Present: Supervisor Brown.

Approval of Agenda. Supervisor Bostwick moved approval of the agenda as presented, second by Supervisor Brill. ADOPTED.

Citizen Participation, Communications and Announcements. Supervisor Mawhinney encouraged the Committees to stop by and wish Maxine well as today is her last day being a volunteer at the information desk on the first floor.

General Review of County's Financial Position as it Relates to the 2018 Budget. Ms. Oja handed out and went over the following reports (attached):

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 she feels PFM have been working very hard for us.

Interest Earned on Investments. Ms. Oja said PFM has the County invested in a very diversified portfolio with rates between 2% and 3%.

Delinquent Tax Balances. Ms. Oja said the amounts have pretty much leveled out over the past three years.

Interest & Penalty Collected on Delinquent Taxes. Ms. Oja said the amount of interest and penalty the County Treasurer has collected on delinquent real estate taxes is a revenue source and reduces the county tax levy.

Foreclosed Properties. Ms. Oja said there are currently 158 delinquent parcels the county may take title to this fall. We are going to try selling the 36 outstanding properties, from previous foreclosures still on the books, using Wisconsin Surplus Auction. We have sold one house and seven lots so far on Wisconsin Surplus Auction.

Supervisor Brown suggested the County sell the remnant parcels this year in Greenway Point, along with the main parcel, to the City of Janesville.

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 2.77% while the tax rate decreased by 2.76%. The decrease in the tax rate is due in part to the increase in equalized value combined with the tax levy increase.

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.

Outstanding Debts. Ms. Oja said the County's outstanding principal on debt issues had a jump in 2011 due to the large bonding of \$29.7 Million we did for Rock Haven. The County's total statutory debt allowed is 5% of our equalized value or about \$545 million. Our debt is quite low, only 8.6% 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.

Moody's and S&P. Ms. Oja went over the ratings from Moody's and Standard & Poor's, which are "Aa1" and "AA+", which is one step below the coveted "AAA" rating. Ms. Oja said the County is in excellent financial condition.

Fund Balances. The fund balance policy requires 10%-17% in unassigned reserve. If we don't use the General Fund it is looked on very favorably by the Rating Agencies. The General Fund should be 90 days of expenditures.

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

Mr. Smith said the Town of Beloit filed for incorporation. In preparing the 2018 budget he anticipated a \$670,000 revenue hole in each of 2019 and 2020. Mr. Smith said the effects of the incorporation will not occur now until 2020 at the earliest. The Town of Beloit recently passed a resolution to provide funds to the County to ensure the County does not face this revenue hole in 2020. He added that this changes our strategy of reserving additional tax levy in the contingency fund for 2019 and 2020.

Mr. Smith explained that the tax levy for 2018 was an increase of 1.77% for operations, which was up due to the opening of Dollar General Warehouse. He said it is too early to know what it will be for 2019, but to assume about the same for new operational revenue of about \$1 million.

Mr. Smith said, regarding health insurance, based on healthy reserves, he anticipates no increase in departmental premiums and only minor changes to the health plan design.

Mr. Smith said expenditures continue to rise for out of home placement of children and youth. Overtime wages for the Jail and law enforcement services have exceeded the budgeted amounts for

many years. We need to do what we can to keep our children and youth, as well as inmates and citizens safe.

Mr. Smith said the Evidence Based Decision Making (EBDM) initiative will need more funds budgeted in the 2019 budget for pre-trial assessment and supervision, risk assessment, diversion, and enhanced deferred prosecution.

Mr. Smith said the County will need to make a decision to apply for a grant to operate a Secure Residential Care Center for Children and Youth (SRCCCY) due to the closing of Lincoln Hills. He added that the Human Services Department is working on seeing if this would be feasible, which is a little hard to do as all the parameters are not yet in place.

Mr. Smith went over the potential Capital Improvement Plan projects which includes Courthouse Security for \$7 million, Highway Construction projects for \$5.2 million, Facilities Management Maintenance for \$2 million, 911 Communications Center for \$830,000, County Space Needs Study recommendations – amount not yet known, Airport Ad Hoc Committee recommendations – amount not yet known, Fairgrounds Planning recommendations – amount not yet known, and Public Works Equipment for \$2.9 million – which will be paid for with cash and depreciated in the operational budget.

Next Meetings. Chair Podzilni said the next scheduled meeting is set for June 18th at 8 A.M. at the Airport.

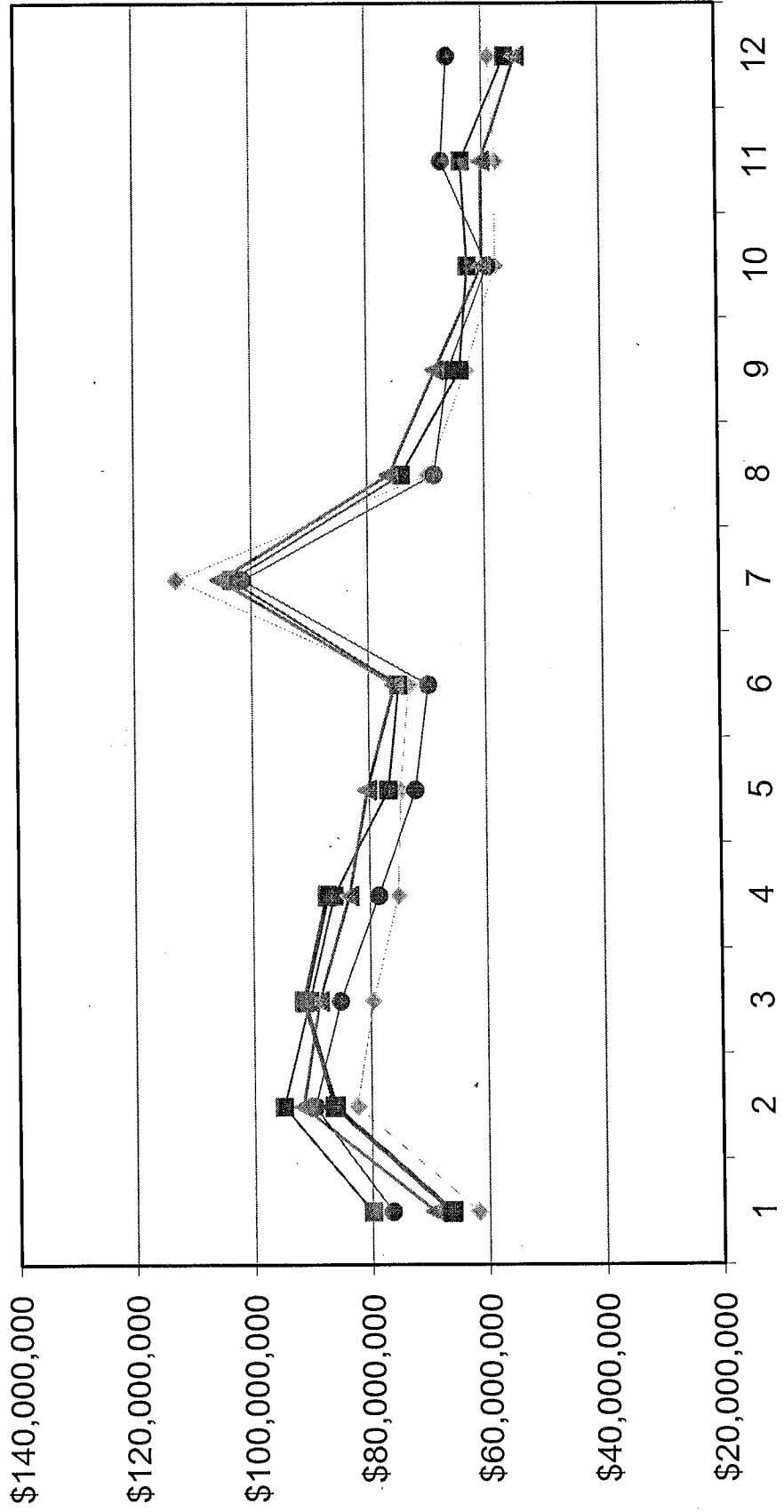
Adjournment: Supervisor Bill moved adjournment at 9:25 A.M., second by Supervisor Yeomans. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.

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



- ◆ 2014
- 2015
- 2016
- ▲ 2017
- 2018

**INTEREST EARNED ON INVESTMENTS
2007 - 2017**

<u>YEAR</u>	<u>AMOUNT</u>
2007	\$ 3,519,106
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

**LOCAL GOVERNMENT INVESTMENT POOL
2007 - 2017**

<u>YEAR</u>	<u>SIMPLE AVERAGE RATE</u>
2007	5.14%
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%

**INVESTMENT PORTFOLIO
2008 - 2017**

<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 PFM	2.02%

Cutwater

Note: This is calculated on a fair market basis

**ROCK COUNTY
DELINQUENT TAX BALANCES
BUDGET YEARS 2008 - 2017**

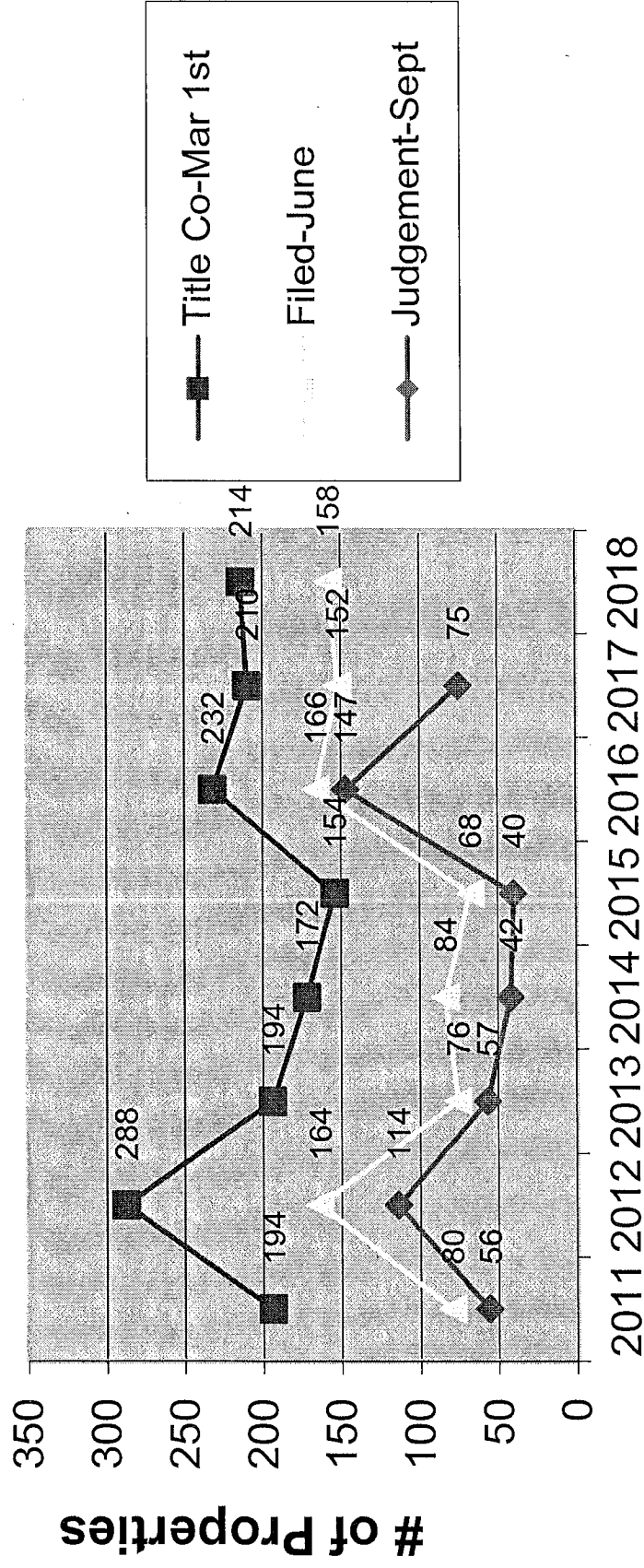
Balances at December 31

Levy Year	due in	Budget Year	Amount
2007		2008	5,652,812
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

**INTEREST & PENALTY COLLECTED
ON DELINQUENT TAXES
2009 - 2017**

Year	Amount
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

Foreclosed Properties



Year

ROCK COUNTY
ANALYSIS OF TAX LEVY AND RATE
LEVY YEARS 2007 - 2016

Levy Year	Budget Year	Tax Levy			Tax Rate (per \$1,000 of equalized value)		
		Amount	\$ Increase/ (Decrease)	% Increase/ (Decrease)	Amount	\$ Increase/ (Decrease)	% Increase/ (Decrease)
2008	2009	55,026,100	1,616,262	3.03%	5.38	(0.08)	-1.53
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%)

ANALYSIS OF EQUALIZED VALUATION
(EXCLUDING TIDS)
LEVY YEARS 2007 - 2016

Levy Year	Budget Year	Equalized Valuation	\$ Increase/ (Decrease)	% Increase/ (Decrease)
2008	2009	10,229,914,310	452,138,400	4.62%
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%

County Sales Tax Budgets and Collections

Fiscal Year	Budgeted	Collected	Difference
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

* Includes 13 months of collections

Balance in 'Excess Sales Tax'

12/31/2017 3,252,092

2018 Budget (500,000) CH Security

2018 Resolutions

Remaining Bal 2,752,092 Available for future appropriations

**ROCK COUNTY
OUTSTANDING DEBTS
BUDGET YEARS 2009 - 2018**

Levy Year	Budget Year	Principal Outstanding December 31
2008	2009	16,915,000
2009	2010	13,475,000
2010	2011	16,040,000
2011	2012	39,475,000
2012	2013	43,485,000
2013	2014	45,940,000
2014	2015	42,395,000
2015	2016	46,330,000
2016	2017	42,370,000
2017	2018	46,915,000

DEBT SERVICE SCHEDULE AT DECEMBER 31, 2017

Year Due	Principal	Interest	Total
2018	4,785,000	1,296,281	6,081,281
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
2026	1,360,000	29,920	1,389,920
Totals	46,915,000	7,114,260	54,029,260

Rock County's total statutory debt allowed is 5% of the County's equalized valuation including TIDs (\$10,907,782,900) or \$545,389,145 as of December 31, 2017.

The County's principal balance of \$46,915,000 at 12/31/17 is only 8.6% of our allowable debt limit.

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		
A+	A+	A1		Low credit risk
A	A	A2		
A-	A-	A3		
BBB+	BBB+	Baa1		Moderate credit risk
BBB	BBB	Baa2		
BBB-	BBB-	Baa3		
BB+	BB+	Ba1	Speculative grade	Substantial credit risk
BB	BB	Ba2		
BB-	BB-	Ba3		
B+	B+	B1		High credit risk
B	B	B2		
B-	B-	B3		
CCC+	CCC+	Caa1		Very high credit risk
CCC	CCC	Caa2		
CCC-	CCC-	Caa3		
CC	CC	Ca	In or near default, with possibility of recovery	
C	C			
DDD	SD	C		
DD	D		In default, with little chance of recovery	
D				

CREDIT OPINION

20 October 2017

New Issue

Rate This Research >>

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Rock (County of), WI

New Issue - Moody's Assigns Aa1 to Rock County, WI's GO Notes

Summary Rating Rationale

Moody's Investors Service has assigned a Aa1 rating to Rock County, WI's \$8.8 million General Obligation Promissory Notes. We maintain the Aa1 rating on the county's outstanding general obligation unlimited tax (GOULT) bonds and notes. Post-sale, the county will have \$46.9 million in GOULT debt.

The Aa1 reflects the county's sizable tax base, stable operations bolstered by healthy fund balance and liquidity, along with a modest debt and moderate pension burdens. These credit factors are weighed against a socioeconomic profile that trails similarly rated local government credits.

Credit Strengths

- » Healthy financial position, supported by steady operations and strong fund balance
- » Modest debt burden and moderate pension burden

Credit Challenges

- » Wealth and income indices lag comparably rated peers
- » State imposed tax caps limit revenue growth

Rating Outlook

Outlooks are typically not assigned to local government credits with this amount of debt.

Factors that Could Lead to an Upgrade

- » Material tax base expansion coupled with a strengthening of socioeconomic and demographic characteristics

Factors that Could Lead to a Downgrade

- » Material tax base contraction or deterioration of socioeconomic and demographic characteristics
- » Sustained narrowing of fund balance or liquidity
- » Notable increases to debt or pension burdens

Key Indicators

Exhibit 1

Rock (County of) WI	2012	2013	2014	2015	2016
Economy/ Tax Base					
Total Full Value (\$000)	\$ 9,638,672	\$ 9,351,401	\$ 9,742,746	\$ 9,926,025	\$ 10,279,525
Full Value Per Capita	\$ 60,108	\$ 58,321	\$ 60,716	\$ 61,757	\$ 63,603
Median Family Income (% of US Median)	94.0%	92.9%	92.3%	92.1%	92.1%
Finances					
Operating Revenue (\$000)	\$ 137,237	\$ 137,777	\$ 141,763	\$ 145,683	\$ 133,799
Fund Balance as a % of Revenues	20.0%	23.3%	22.6%	22.9%	26.7%
Cash Balance as a % of Revenues	35.7%	37.0%	41.3%	45.3%	41.8%
Debt/ Pensions					
Net Direct Debt (\$000)	\$ 43,485	\$ 46,394	\$ 43,024	\$ 46,900	\$ 42,370
Net Direct Debt / Operating Revenues (x)	0.3x	0.3x	0.3x	0.3x	0.3x
Net Direct Debt / Full Value (%)	0.5%	0.5%	0.4%	0.5%	0.4%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	0.4x	0.4x	0.6x	0.8x	1.2x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	0.4%	0.5%	0.7%	0.9%	1.3%

Source: Moody's Investors Service, US Census Bureau, Rock County Audited Financial Statements

Detailed Rating Considerations

Economy and Tax Base: Sizable tax base in southern WI with lagging socioeconomic characteristics

The county's tax base and economy continues to recover as evidenced by its growing valuations, falling unemployment rate, and positive sales tax trends. Located along the Wisconsin (Aa1 stable) - Illinois (Baa3 negative) border in the south-central portion of the state, Rock County covers 721 square miles, including the cities of Beloit (A2 stable) and Janesville, the county seat. The county's tax base is currently valued at a sizable \$10.9 billion, and has grown on average 2.5% in value annually since 2012, recently eclipsing its pre-recession high. The tax base is primarily residential (70% of 2017 full value), with a moderate amount of commercial (19%) and industrial (4%) real estate within the base as well. Rebounding values have primarily been driven by the residential sector. The tax base is fairly diverse, as the top ten taxpayers only account for 4.2% of 2017 full value.

County residents are benefiting from an improved economic climate, including continued diversification and ongoing commercial/ industrial developments. The county's August 2017 unemployment rate of 3.7% represents significant year-over-year improvement, and now sits between the state and national rates of 3.4% and 4.5%, respectively, for the same month. County officials report that industrial vacancies are now at historic lows, and the ongoing focus on coordinated economic initiatives, such as the redevelopment of the former General Motors Company (Baa3 stable) Janesville Assembly Plant are now bearing fruit. However, long-term economic performance could be constrained by the county's above average exposure to manufacturing and weak demographic trends.

Rock County's below average socioeconomic characteristics, and stagnant population growth are likely to remain a credit weakness relative to its peers in the Aa1 rating category. Median family income is estimated at 92.1% of the US, a figure which has dipped from 106.7% in 2000. Full value per capita currently stands at a moderate \$67,500, based on the county's estimated population of 161,620. The population is estimated to have grown less than 1% since the 2000 Census.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Financial Operations and Reserves: Strong financial profile supported by steady operating performance

The county's steady financial performance points to the continued maintenance of healthy fund balance and liquidity. Rock County has a demonstrated history of posting operating surpluses, including additions to fund balance in four of the past five fiscal years. In fiscal 2016, the county recorded a surplus of \$2.2 million across its core operating funds, which we have identified as the general, human services, DD board, and debt service fund. The surplus increased the county's year-end available operating fund balance to \$35.8 million, or 26.7% of revenue. Reserves remain above the county's formal fund balance police to retain unassigned fund balances of 10% to 17% of annual expenditures. A balanced budget is adopted for fiscal 2017, and officials report actual results are tracking very close.

The county's main revenue stream consists of locally generated property and sales taxes, which accounted for 46% of fiscal 2016 operating revenue. The county is subject to strict property tax levy limits, which limit levy growth, with some exceptions to net new construction. Collections on the county's 0.5% sales and use tax continues to exhibit positive trends, increasing at an average annual rate of 5.8% from 2011 to 2016. While the county annually appropriates a portion of its sales tax to capital expenditures, its ability to adjust its annual appropriation to capital offers additional operating flexibility. The county's other main operating stream is intergovernmental aid (41%), the vast majority of which flows into the human services fund to operate social services and welfare programs.

The county has moderate exposure to enterprise operations at its Rock Haven nursing home facility. Operations at Rock Haven are supported by a mix of charges (52%) and property taxes (38%). The enterprise closed fiscal 2016 with essentially zero cash, but an unrestricted net position of \$3.9 million. While, the nursing home is currently not reliant on any governmental transfers to support operations, underperformance of the enterprise in the future resulting in governmental support could result in budgetary pressure.

LIQUIDITY

The county's liquidity position is healthy. At fiscal 2016 year-end, the county held \$56 million in cash across its operating funds, equivalent to 41.8% of revenue. The ending operating cash position was somewhat overstated as combined operating funds had a negative \$22.5 million interfund balance with various other funds, including the Rock Haven enterprise fund (\$3.9 million) and the internal services fund (\$13 million). Interfund receivables/payable are the result of timing issues and not indicative of financial weakness. However, clearing out these interfund balances would result in an estimated net cash position of \$33.5 million, which more closely resembles the county's year-end operating fund balance.

Debt and Pensions: Favorable debt and pension burdens

The county's low debt and moderate pension burdens are key credit strengths that support its Aa1 rating. At 0.4% of full value and 0.4x operating fund revenue the county's debt burden is modest and in line with similarly rated counties. The county does not anticipate issuing additional GOULT debt in 2017 or 2018. The county participates in the Wisconsin Retirement System (WRS), a statewide cost sharing plan. Fiscal 2016 fixed costs, which included debt service, annual pension and other post employment benefit (OPEB) contributions, totaled \$10.9 million or a manageable 9.9% of operating revenues.

DEBT STRUCTURE

All of the county's debt is composed of fixed-rate GOULT bonds or notes that amortize over the long term. Principal amortization is rapid with 100% of debt repaid in ten years.

DEBT-RELATED DERIVATIVES

The county is not a party to any derivative agreements.

PENSIONS AND OPEB

Moody's single year adjusted net pension liability (ANPL) for Rock County, under our methodology for adjusting reported pension data, was \$147 million in fiscal 2016, an increase of 40.5% from the fiscal 2014 ANPL of \$104.7 million. The three-year average ANPL is moderate at 1.2x operating revenue and 1.2% of the full value of the county's tax base.

Moody's ANPL figure reflects the use of the Citi Pension Liability Index rate to value liabilities. The ANPL reflects the allocation of WRS liabilities to participating employers, which is a required reporting standard under GASB effective fiscal 2015. The ANPL is not intended to replace the county's reported liability information but is used to enhance comparability with other rated entities.

The county's other post-employment benefits (OPEB) liabilities is funded on a pay-as-you-go basis, with the county making contributions of \$1.0 million in fiscal 2016. As of December 31, 2016, the plan's most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) for OPEB benefits totaled \$29.0 million.

Management and Governance: Moderate institutional framework

Wisconsin counties have an Institutional Framework score of A, which is moderate compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. The sector's major revenue source, property tax revenue, is subject to a cap which limits increases to amounts represented by net new construction growth. However, counties may implement a 0.5% sales tax, which diversifies operating revenue. Revenues and expenditures tend to be predictable. Across the sector, fixed and mandated costs are generally moderate. Counties have a high ability to reduce expenditures, as workforces are mainly comprised of non-public safety employees, for whom collective bargaining is limited.

Legal Security

The promissory notes, along with outstanding GOULT debt, is secured by an ad valorem property tax that is unlimited as to rate or amount. The county's full faith and credit is also pledged to debt repayment.

Use of Proceeds

Proceeds from the 2017 General Obligation Promissory Notes will be used to reimburse the county for highway road construction capital projects which were authorized in 2015 through 2017.

Obligor Profile

Rock County is located in the south-central portion of the state of Wisconsin, along the border with Illinois. The county encompasses 721 square miles and has an estimated population of 162,000 residents. The county operates under a board/administrator form of government and the City of Janesville serves as the county seat.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

Ratings

Exhibit 2

Rock (County of) WI

Issue	Rating
General Obligation Promissory Notes	Aa1
Rating Type	Underlying LT
Sale Amount	\$8,785,000
Expected Sale Date	10/26/2017
Rating Description	General Obligation

Source: Moody's Investors Service

**Rock County
Fund Balances**

	Audited Balance 12/31/15	Audited Balance 12/31/16	Estimated Balance 12/31/17
General Fund			
Nonspendable	2,895,796	2,736,148	2,644,407
Assigned	3,101,145	3,755,686	4,214,150
Unassigned	29,978,897	31,324,971	31,900,000
Total General Fund	35,975,838	37,816,805	38,758,557
Special Revenue Funds			
Revolving Loans	713,492	973,140	1,004,557
Land Records	152,740	174,854	205,775
Arrowhead Library System	112,410	204,314	238,887
Airport	62,434	101,781	135,627
Bridge Aid	26,043	35,018	160,649
Capital Projects	5,945,241	4,593,242	1,465,703
Enterprise Funds-Working Capital			
Rock Haven	2,422,002	1,883,240	1,630,000
DPW-Highway	318,120	(2,628,653)	3,700,000
Internal Service Funds-Working Capital			
Information Technology	2,000,681	2,298,716	2,200,000
Self Insurance	8,702,901	7,320,102	7,200,000
Motor Pool (Net Position)	332,564	396,949	395,000

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 was low in 2015 and negative in 2016 due to the fund using cash for road construction projects that were budgeted to be funded by long term debt. Debt was issued in 2017 and deposited to the Highway Fund, resulting in a positive working capital balance in 2017.

Joint Committee 2019 Pre-Budget Overview

June 11, 2018

Town of Beloit Incorporation

- In preparing 2018 budget, we anticipated a \$670,000 revenue hole in each of 2019 and 2020 due to Town of Beloit Incorporation
- Effects of incorporation will not occur now until 2020 at the earliest
- Recently, the Town Board passed a resolution to provide funds to the County to ensure the County does not face this revenue hole in 2020
- This changes our strategy of reserving additional tax levy in the contingency fund to smooth revenue reductions over these two years

Tax Levy Revenue Possibilities

- Levy limits
 - 2018 = 1.77% increase in levy for operations, or \$1,059,813
 - Only \$800,000 was budgeted for operations
 - \$259,813 was placed in contingency fund to address anticipated revenue shortfall
 - Portion of increase in net new construction due to opening of Dollar General
 - 2019 = ?
 - Assume about the same level of new operational revenue of about \$1.0 million

Tax Levy Control (2018 Budget)

No increase or reduction

- Financial Services
- Corporation Counsel
- Real Property
- Council on Aging
- Veterans Services
- UW-Extension
- Planning and Development
- Land Conservation

1% increase or less

- Rock Haven
- Health Department
- District Attorney
- Sheriff's Office
- Circuit Court

Contributing to General Fund

- Register of Deeds
- Treasurer

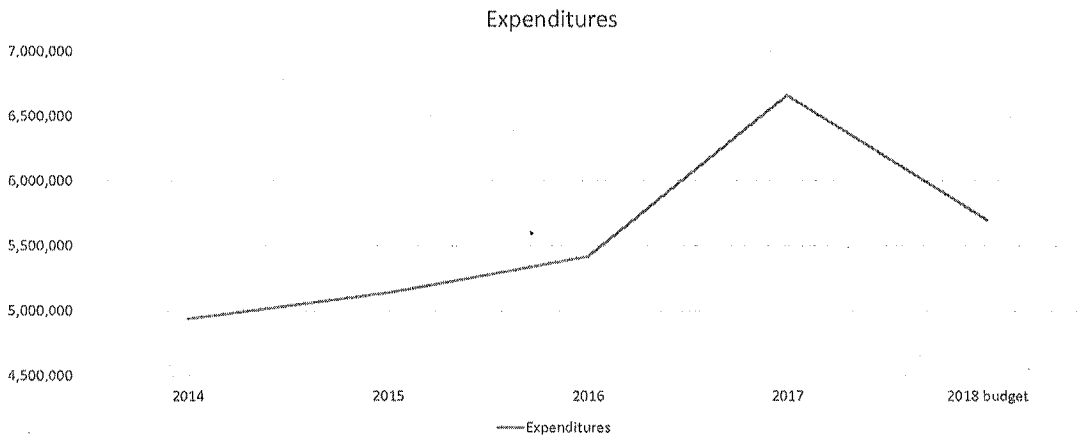
Tax Levy Revenue Possibilities

- Debt service levy
 - \$569,822 increase in levy to repay borrowing in 2018 budget
 - Increase was due to debt issued in 2017
 - Do not expect to issue new debt in 2018; debt service costs may increase in 2020 budget
 - Pressures to borrow include:
 - Highway projects
 - Large facility projects
- Limited levies
 - Arrowhead Library System
 - Town bridge aid

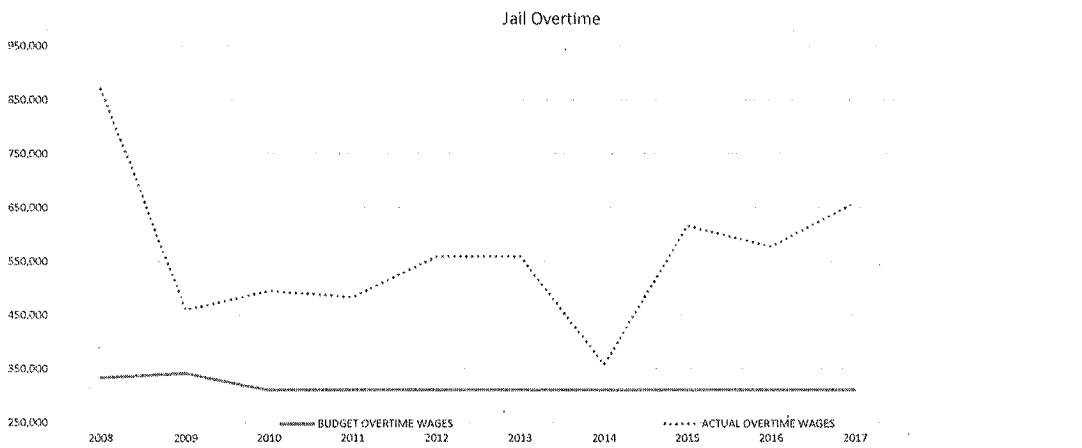
Wages and Benefits

- Wages
 - Challenges:
 - to keep wage increases at a rate at least equal to inflation
 - to maintain internal and external pay equity
 - 1.0% increase in wages = about \$1 million
 - Have increased salary reserve
- Health Insurance
 - Challenges:
 - to keep employee share down so as not to result in a reduction in take-home pay
 - to plan for potential implementation of the Cadillac Tax on high-cost plans in 2022
 - Based on healthy reserves, anticipate no increase in departmental premiums and minor changes to plan design

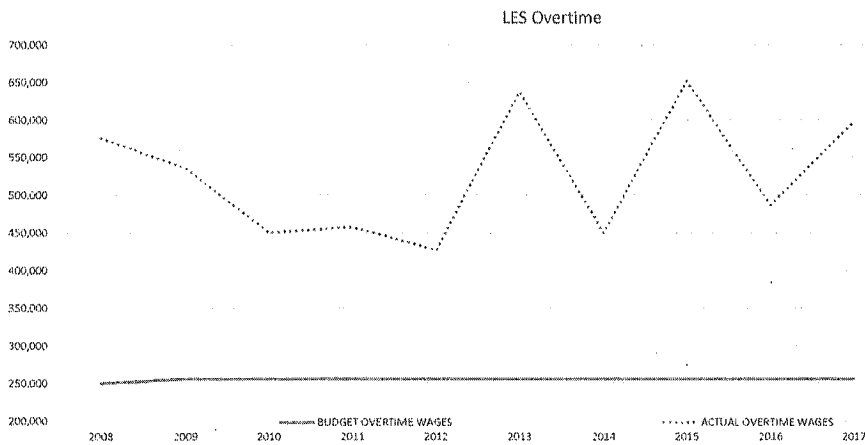
Out of Home Placements-Children and Youth



Overtime Wages—Jail



Overtime Wages—Law Enforcement Services



Evidence Based Decision Making (EBDM)

- Pre-trial assessment and supervision
- Criminogenic risk assessments
- Diversion
- Enhanced Deferred Prosecution
- Cost to implement could be >\$500,000/year

State Juvenile Corrections Reform

- Secure Residential Care Center for Children and Youth (SRCCCY)
- County will have to decide whether to apply for grant to operate
- May require up-front outlay on architectural and engineering costs to develop a design as part of application
- New administrative rules not yet developed
- Unknown whether will increase or reduce costs at this time
- Could result in better services for hard-to-serve youth

Sales Tax Collections

- 2017 collected = \$13.9 million
- 2018 budgeted use = \$12.6 million
- 2019 anticipated = ?
- Anticipate same \$7,522,973 for operational costs (since 2011)
- Excess Sales Tax Balance = \$2.7 million

Potential Capital Improvement Plan Projects

- Courthouse Security = \$7.0 million
- Highway Construction Projects = \$5.2 million
- Facilities Management Maintenance = \$2.0 million
- 911 Communications Center = \$830,000
- County Space Needs Study Recommendations
- Airport Ad Hoc Committee Recommendations
- Fairgrounds Planning Recommendations
- Public Works Equipment = \$2.9 million
 - Paid for with cash and depreciated in operational budget