



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

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

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

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

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

Others Present: None.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.