



COUNTY BOARD STAFF/FINANCE COMMITTEES
Minutes - June 6, 2016

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 the Courthouse Conference Center on the second floor of the Rock County Courthouse-East.

Committee Members Present County Board Staff Committee – Supervisors Podzilni, Kraft, Brill, Mawhinney, Peer, Sweeney and Thomas. Finance Committee – Supervisors Mawhinney, Kraft, Beaver and Podzilni.

Committee Members Absent: Supervisors Arnold and Bussie (County Board Staff); Supervisor Fox (Finance).

Staff Members Present: Josh Smith, County Administrator; Randy Terronez and Nick Osborne, Assistants to the County Administrator; Sherry Oja, Finance Director; Vicki Brown, County Treasurer; Jeff Kuglitsch, Corporation Counsel; Annette Mikula, Human Resources Director.

Others Present: Dave Babcock.

Approval of Agenda. Supervisor Sweeney moved approval of the agenda as presented, second by Supervisor Mawhinney. ADOPTED.

Citizen Participation, Communications and Announcements. None.

General Review of County’s Financial Position as it Relates to the 2017 Budget. Ms. Oja handed out and went over the following reports:

Schedule of Monthly Cash Balances, Other Than Construction Funds. Ms. Oja said this shows the County’s cash position at various points in time. The County co-mingles the cash from all funds and diversifies how it is invested to enhance investment yields and cash flows. Page 2 shows where the funds are invested.

Interest Earned on Investments. Ms. Oja said we continue to see low interest rates, which means interest earned on investments is still very low. All interest earned (less the amounts credited to specific trust funds) are credited to the County Treasurer’s budget and offsets the tax levy.

Delinquent Tax Balances. Ms. Oja said the total amount of delinquent real estate taxes increased steadily from 2008 to 2010, seems to have leveled off for 2011, and started dropping in 2012. State Statutes requires the County to buy out delinquent real estate taxes, making the school districts, cities, towns and villages whole. This leaves the County responsible for the collection of all delinquent real estate taxes.

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 after real estate taxes are delinquent over two years the county has the statutory authority to take title to the property through court action called in REM procedure. Currently there are 166 delinquent parcels the county may take title to this fall.

Analysis of Tax Levy and Rate. Ms. Oja said the 2015 tax levy to fund the 2016 budget increased by 1.76% while the tax rate decreased by .13%. The decrease in the tax rate is due to the 1.89% increase in equalized value combined with the tax levy increase.

County Sales Tax Budgets and Collections. Ms. Oja said if we collect more sales taxes than we budgeted for, then we assign this excess revenue to be used for future capital items.

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 \$496 million. Our debt is quite low, only 9.4% 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".

Ms. Oja said the County is in excellent financial condition. The fund balance policy requires 10%-17% in unassigned reserve. In 2014 our fund balance was 22.8% and in 2015 it is 21.9% of expenditures. If we don't use the General Fund it is looked on very favorably by the Rating Agencies. We will probably want to look at updating our General Fund Policy, maybe increase it. Excess sales tax revenue can be used for capital projects.

Mr. Smith said we will still be at 0% or the increase in net new construction in 2017 for levy limits; he said hopefully it will be a bit higher than 2016; transportation budget is still pending; and Family Care costs are not known at this time. He said the excess sales tax could be used for items such as Courthouse security. The General Fund balance has been increasing, and as Ms. Oja said, we will probably need to look at updating the policy.

Mr. Smith said Health Insurance and Wages are another large part of the County's budget. The health insurance projections continue to look good and feels this is in a large part due to our preventative health program.

Mr. Smith said a few things that will affect us for the 2017 budget are: 1) Personnel related costs due to the reclass plan Human Resources is working on; 2) Cultural Competency; 3) Criminal justice / public safety, the Evidence-Based Decision Making Ad Hoc Committee is coming close to issuing recommendations; the Medical Examiners contract will be negotiated; 4) Public Works - the airport continues to be a high cost area. We will be looking at about \$600,000 to \$1,000,000 for a fire truck, and about \$650,000 for a new T-Hanger. Also, we need to continue implementing the highway study.

Supervisor Kraft asked about the Courthouse Security Project. Mr. Smith said this project will require more capital, but this is an unknown as to how much at this time. He added that Potter Lawson will be meeting with the General Services Committee on June 15th. Mr. Smith said operational costs may also go up depending on if we will need to staff one or two entrances and if we will need to staff after hours meetings.

Next Meetings. Chair Podzilni said the next scheduled meeting is set for June 13th at 8 A.M. in N-1/N-2 for Rock Haven and the Health Department.

Adjournment: Supervisor Sweeney moved adjournment at 9:07 A.M., second by Supervisor Thomas. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.