

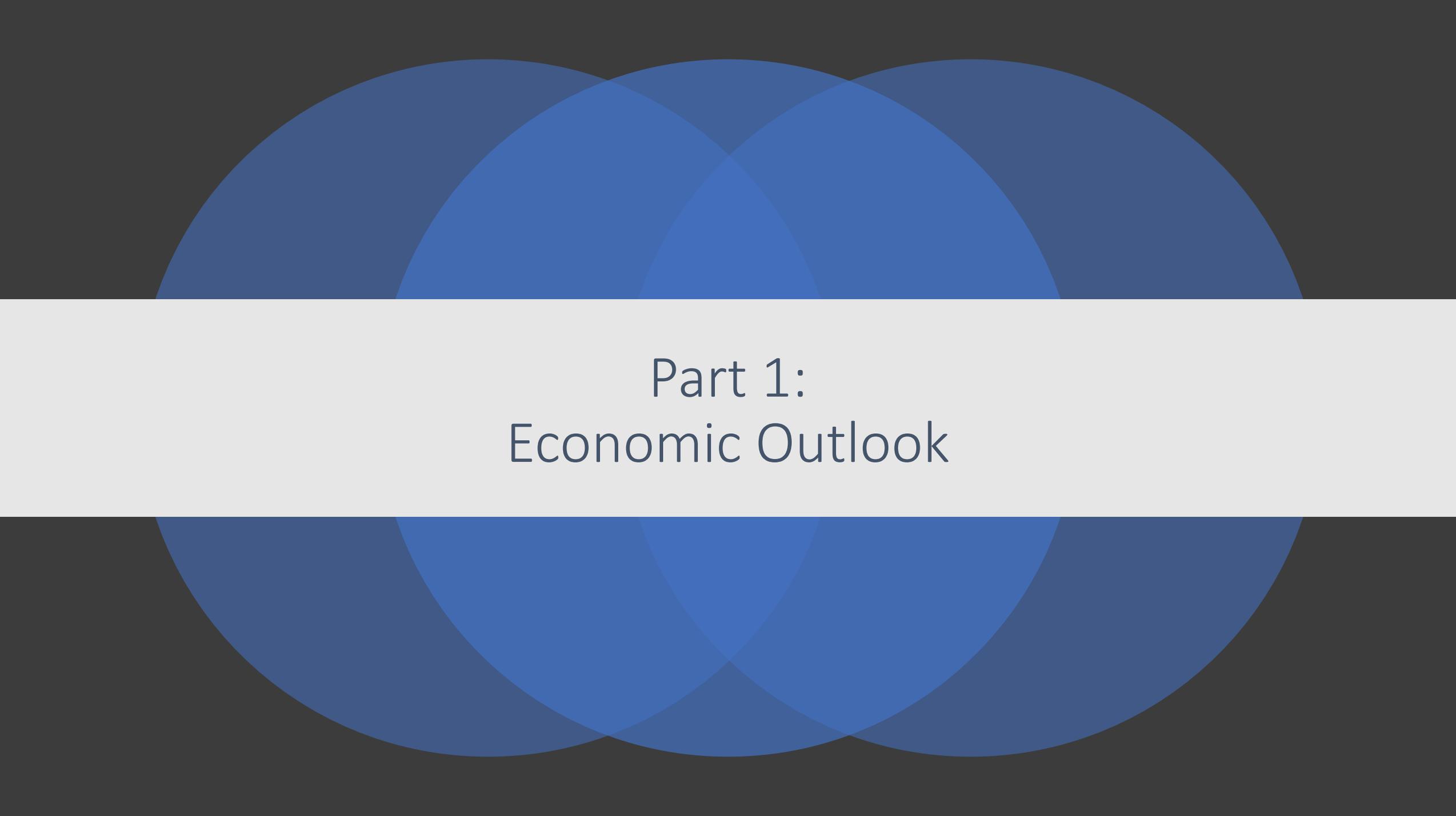


# 2018 Operating and Capital Budget Recommendation

County Administration  
September 13, 2017

*Notwithstanding any other provision of the law, the county administrator shall be responsible for the submission of the annual budget to the board.*

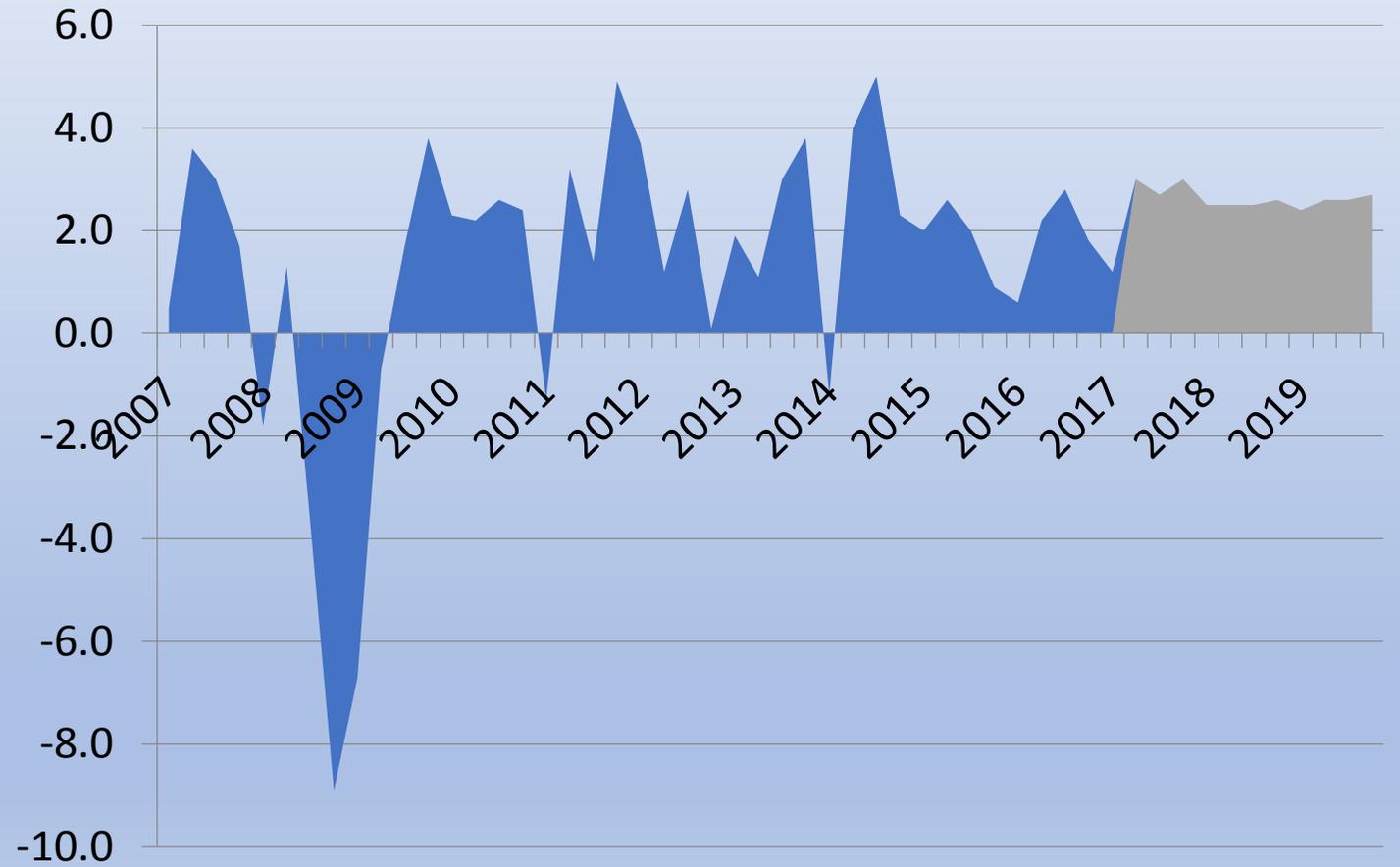
*Wisconsin Statutes sec. 59.18*



Part 1:  
Economic Outlook

Steady  
growth  
forecast

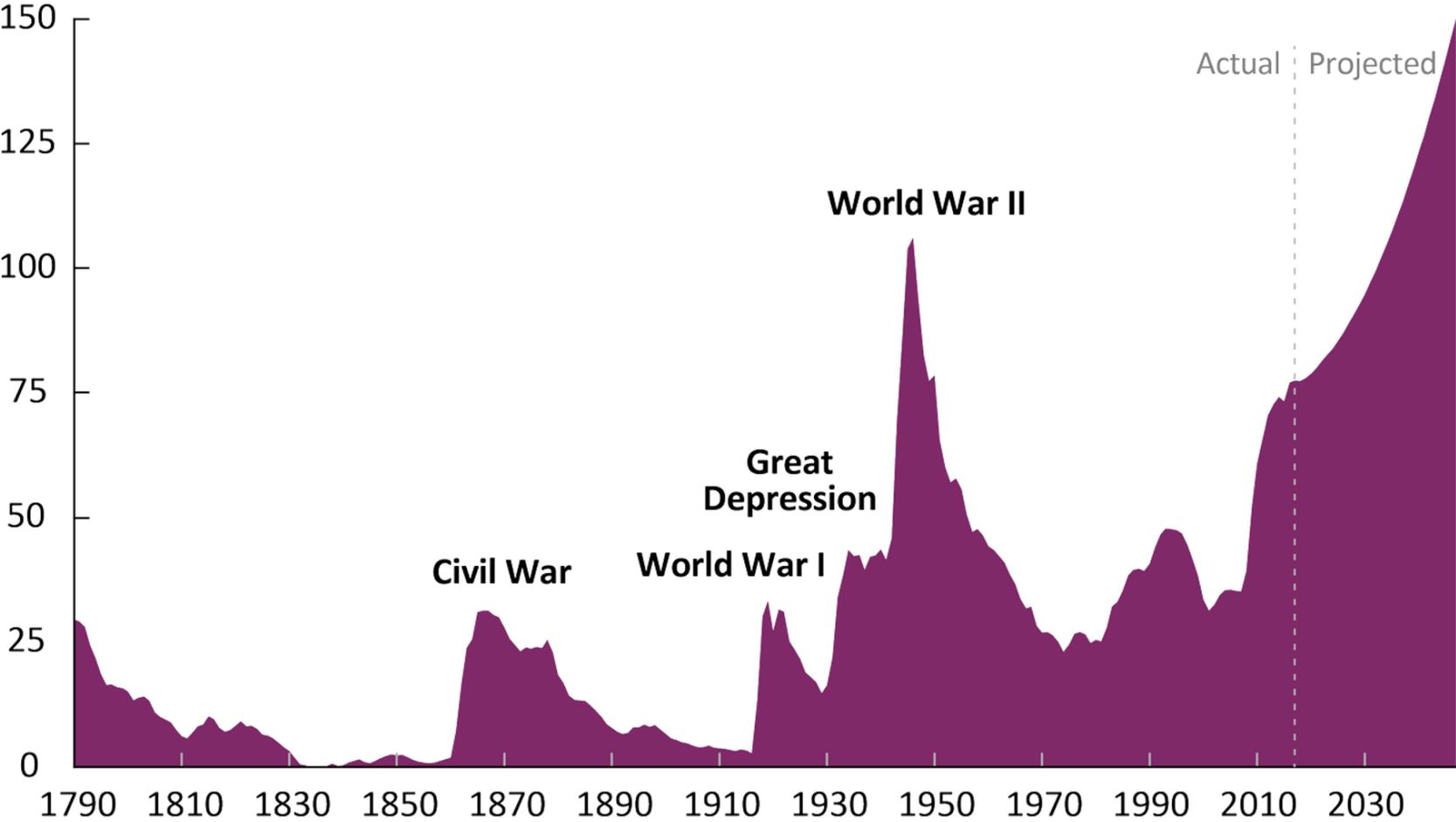
Real GDP by Quarter, History and Forecast



But  
exploding  
deficits

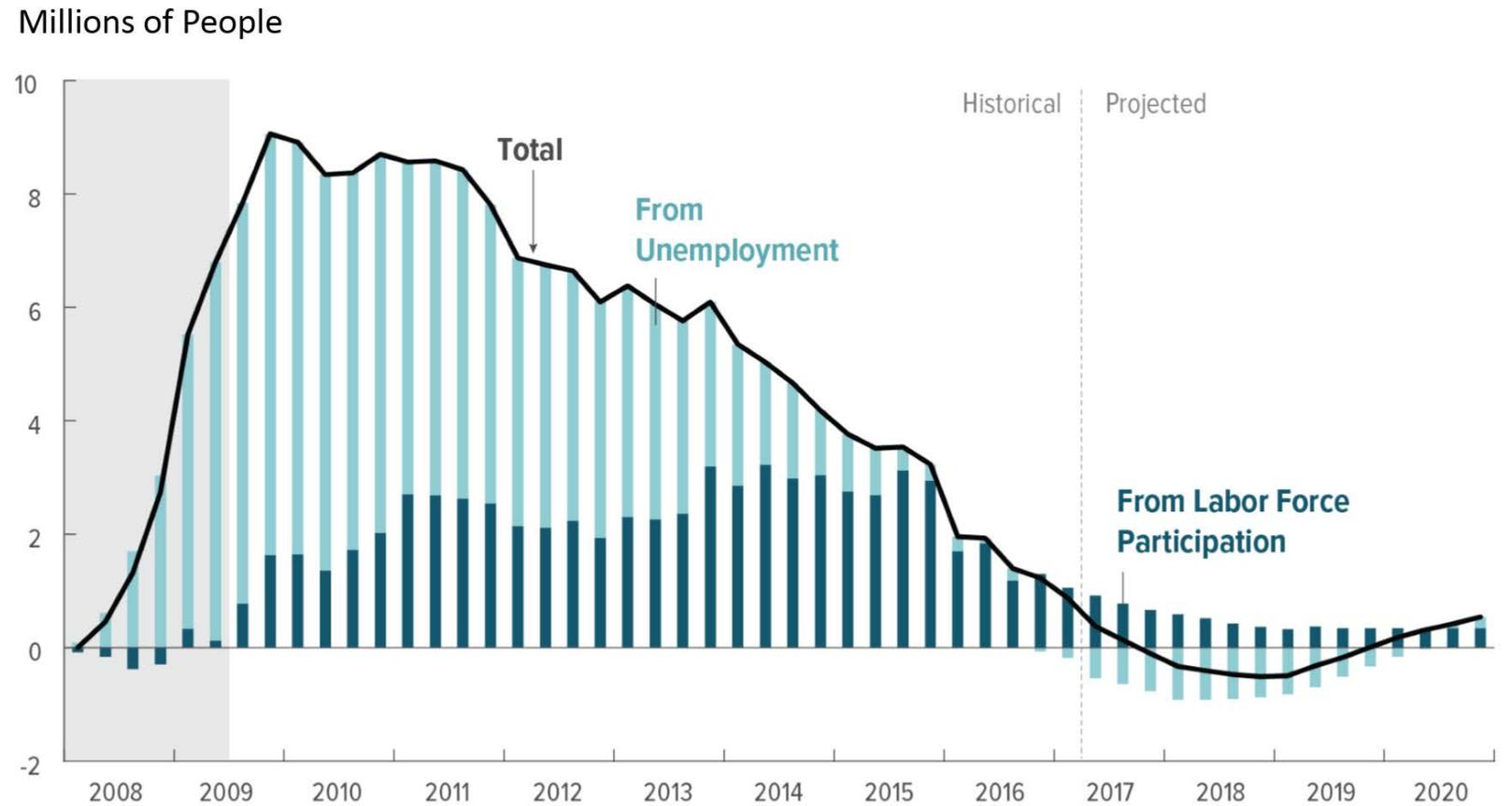
# Federal Debt Held by the Public

Percentage of Gross Domestic Product

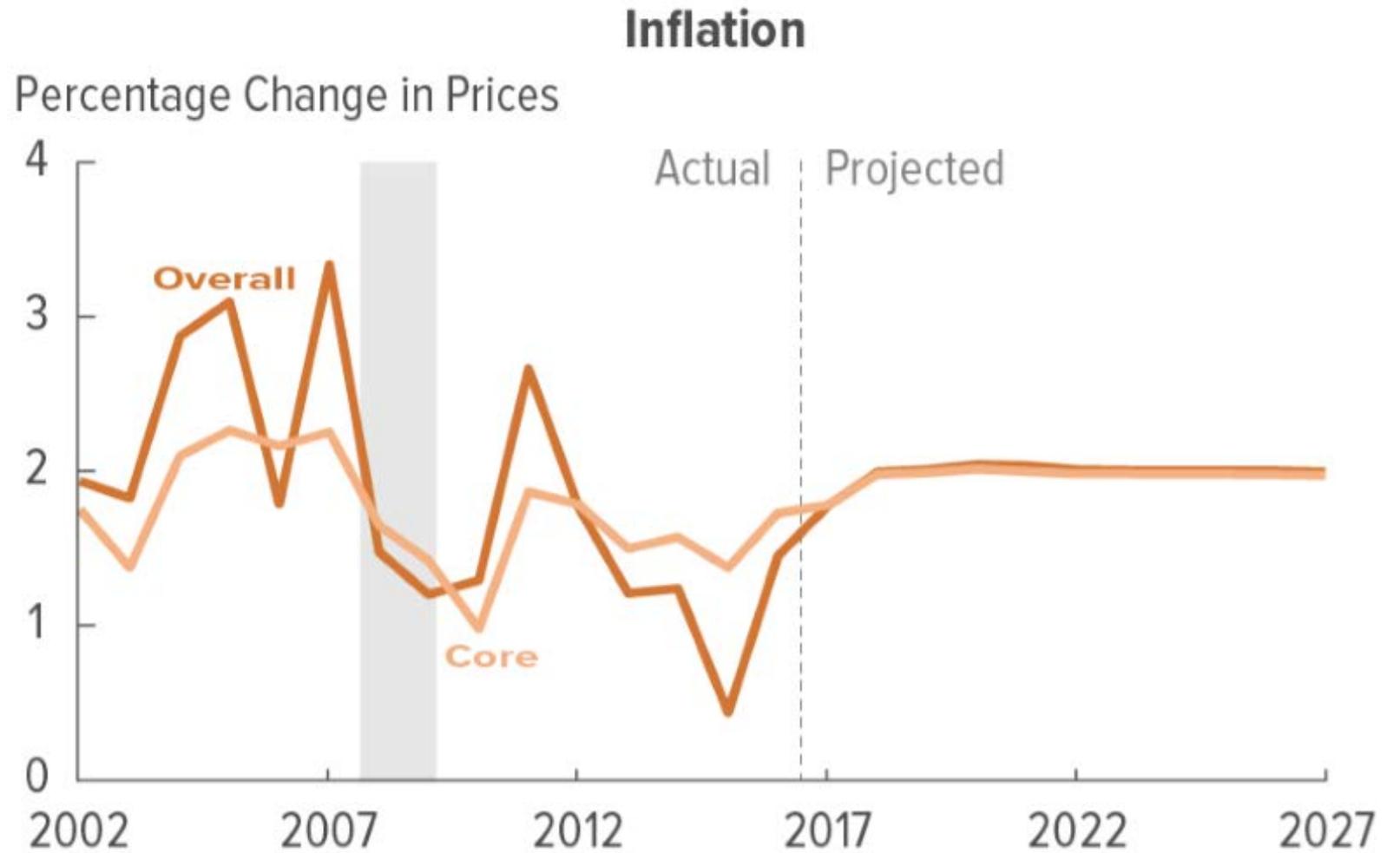


# The Employment Shortfall

Employment  
incredibly  
tight

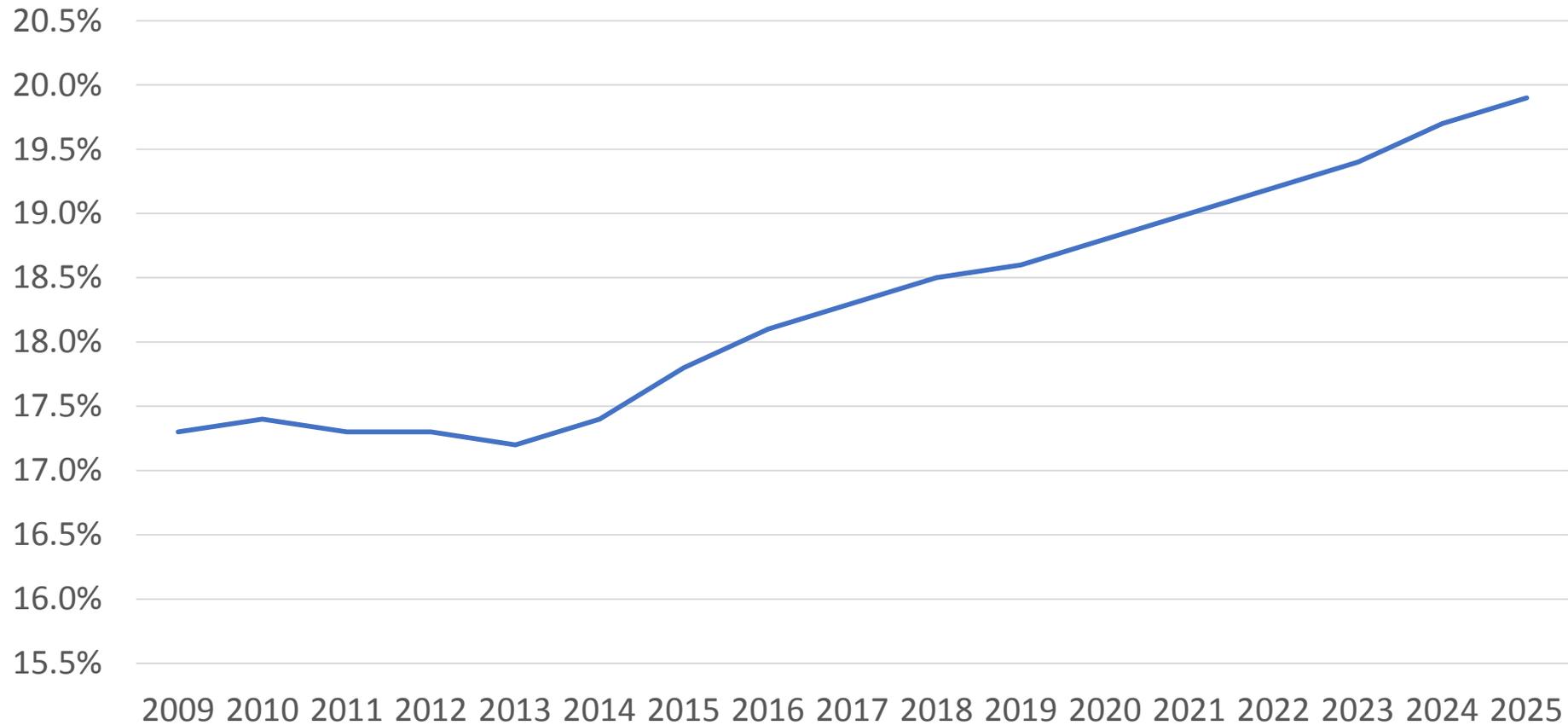


But where is  
inflation?



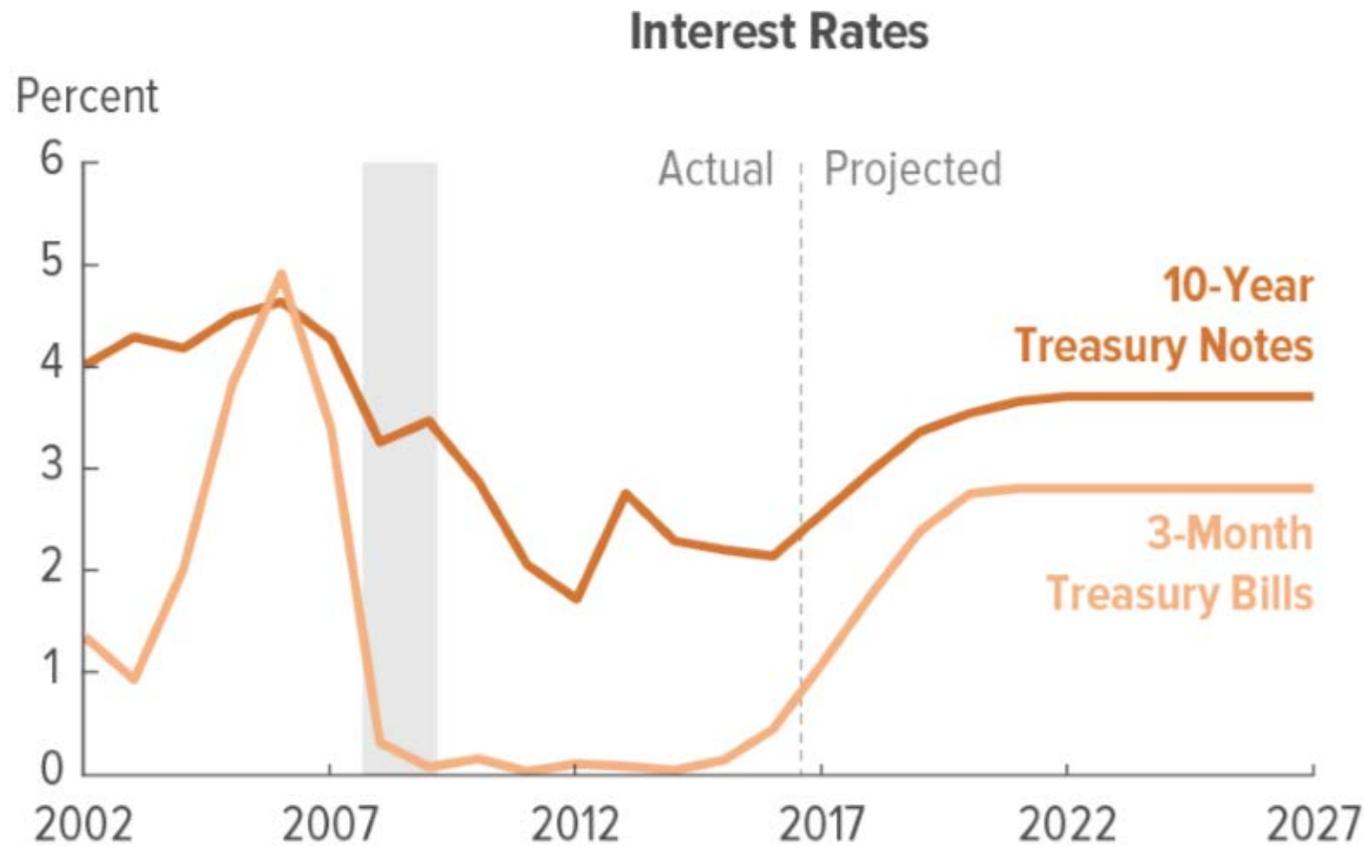
# Health Care Costs Continue to Escalate

## National Health Expenditures as a Percent of GDP



Source: CMS

Interest rates  
finally  
increasing

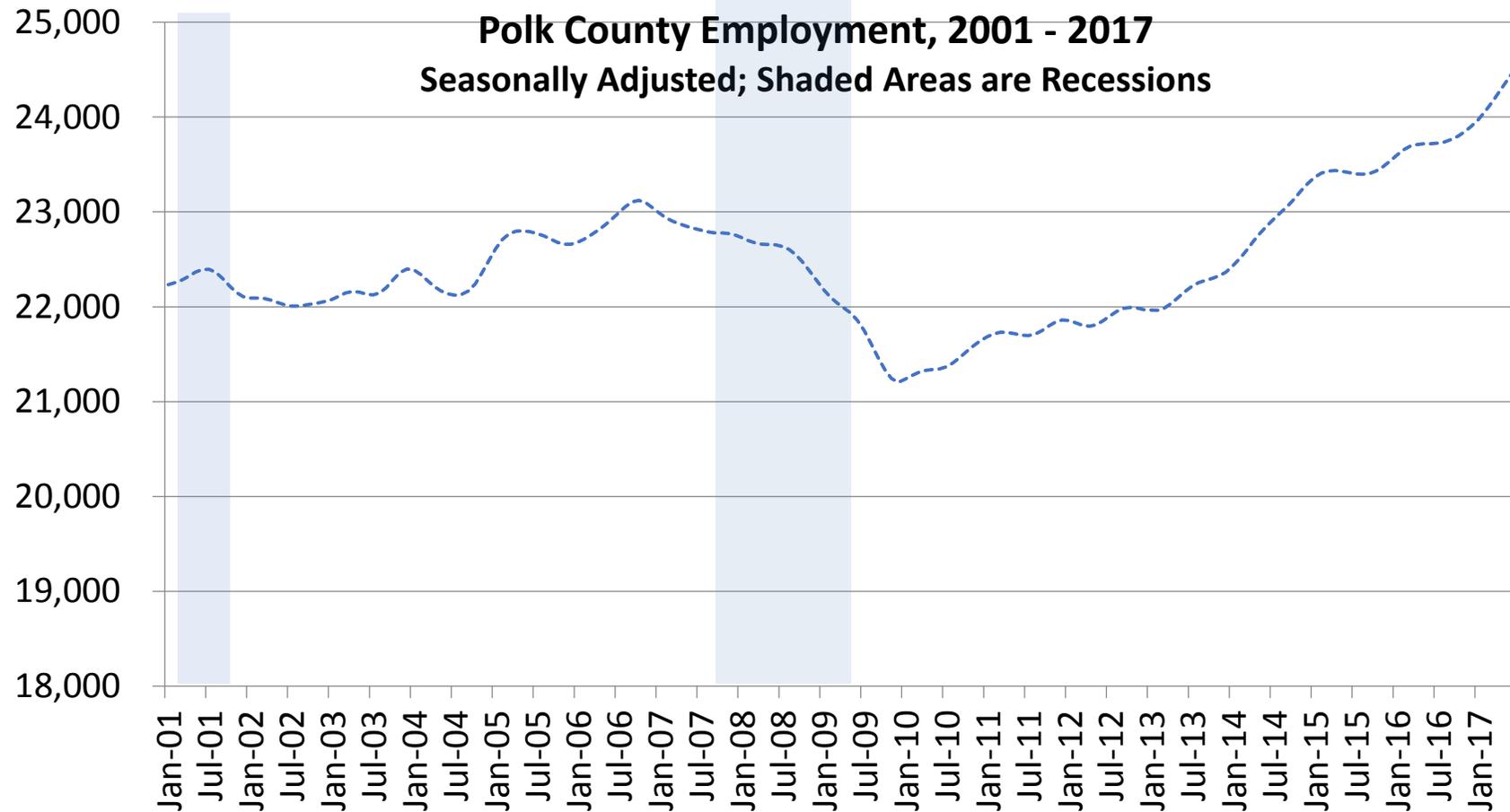


# Flat energy prices

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Gasoline <sup>b</sup> (dollars per gallon)	2.43	2.15	2.36	2.35
Diesel <sup>c</sup> (dollars per gallon)	2.71	2.31	2.61	2.72
Natural Gas <sup>d</sup> (dollars per thousand cubic feet)	10.36	10.06	11.05	11.02
Electricity <sup>d</sup> (cents per kilowatthour)	12.65	12.55	13.01	13.39

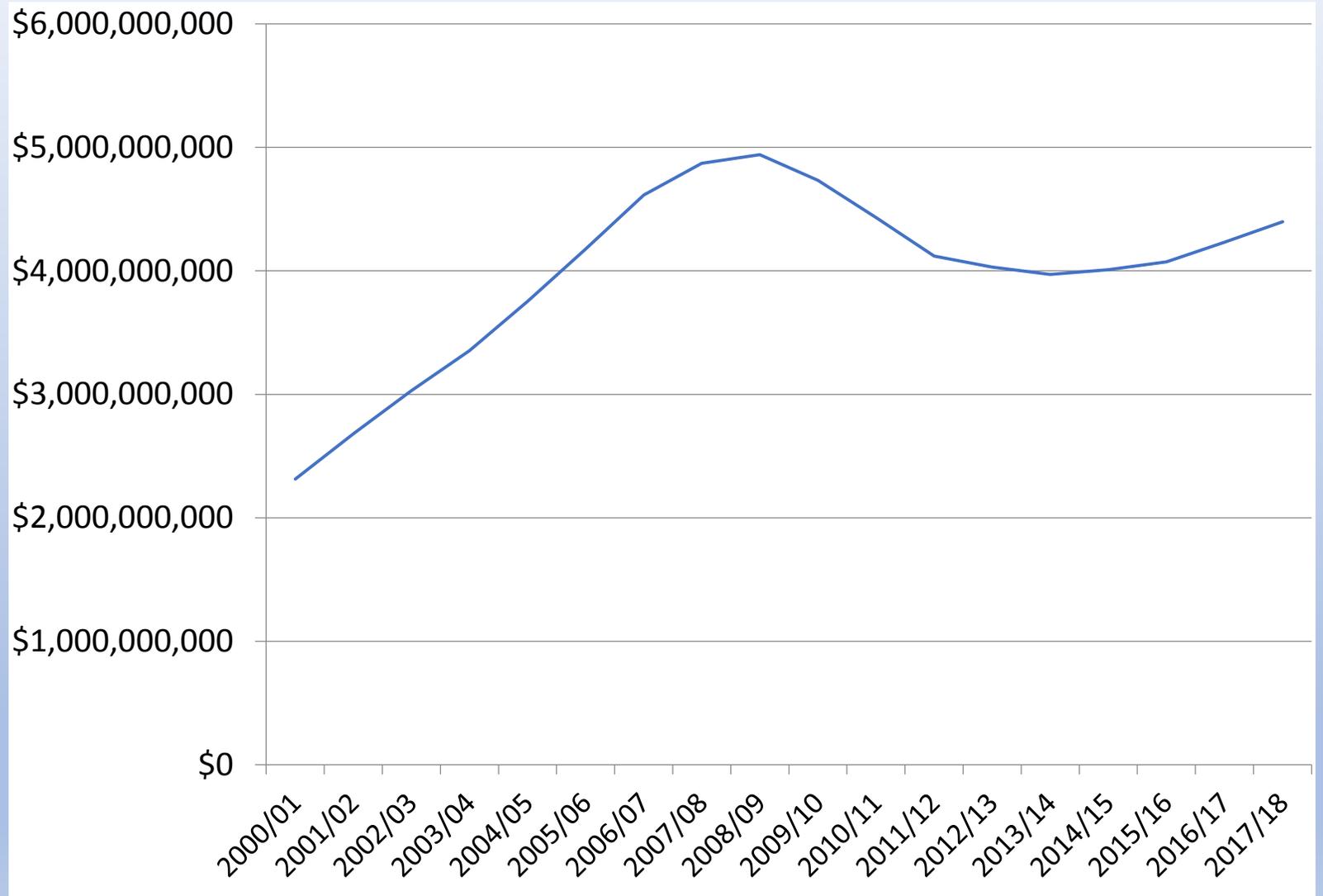


# Strong employment growth in the last year



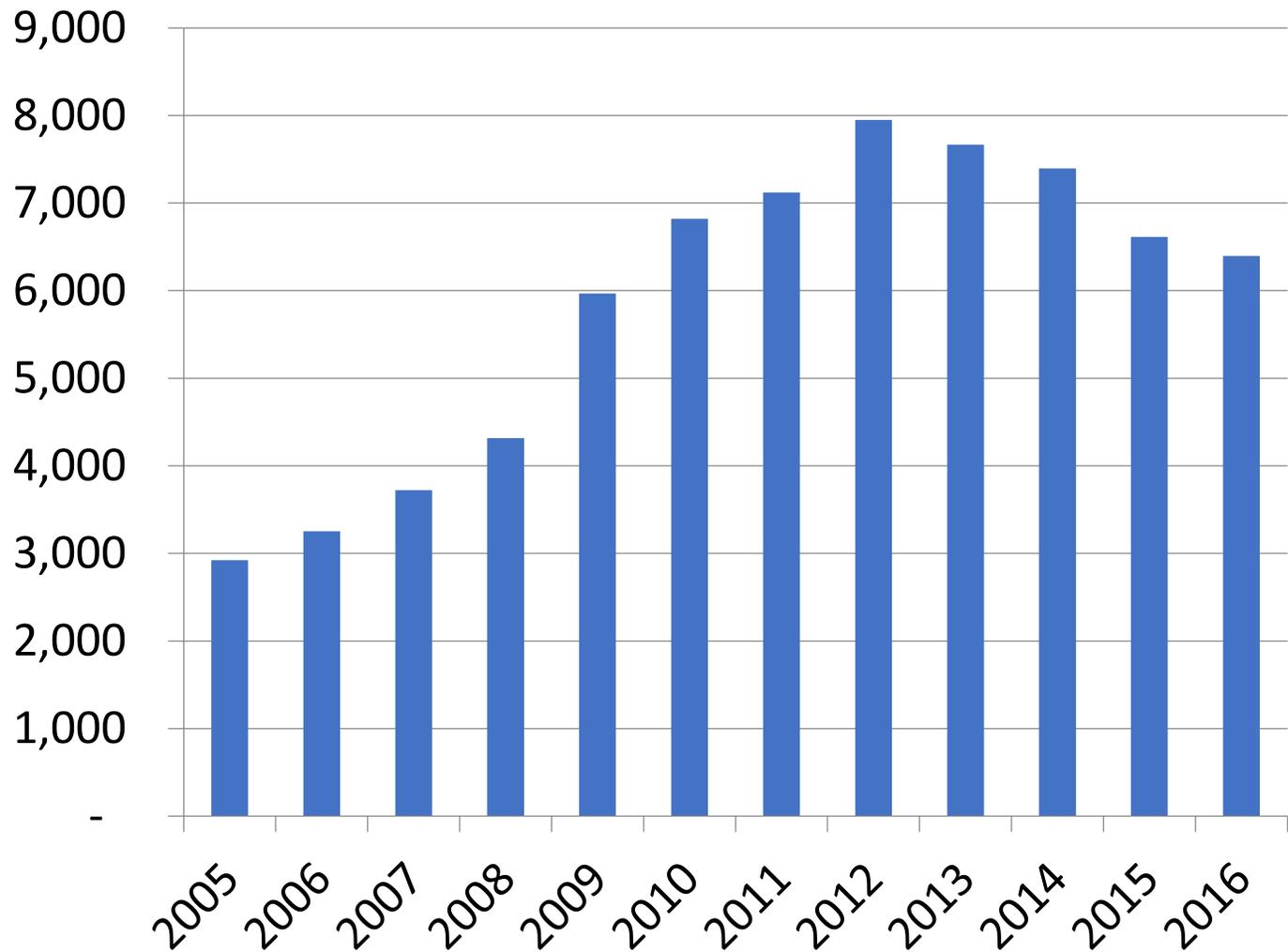
But Polk  
County value  
is slow to  
recover

Polk County Equalized Value



And the local economy is still not back to normal...

### FoodShare Recipients, Polk County



# Fiscal environment

- In 2011, Wisconsin Legislature froze county levies
  - Exception is new construction; increased by 0.76% or \$164,000
- State aids have been flat
  - \$14.0 million in 2008, \$11 million in 2018
- 2008 revenues = \$65.3 million
- **2017 revenues = \$53.7 million**
- 2008 FTE = 462.80
- **2017 FTE = 421.57**

£ million

Income

PBT

BGI/BlackRock

deal costs

CAGR (04 – 08)

Revenue 20%

PBT 15%

H1 09 v H1 08

Revenue (2%)

PBT 4%

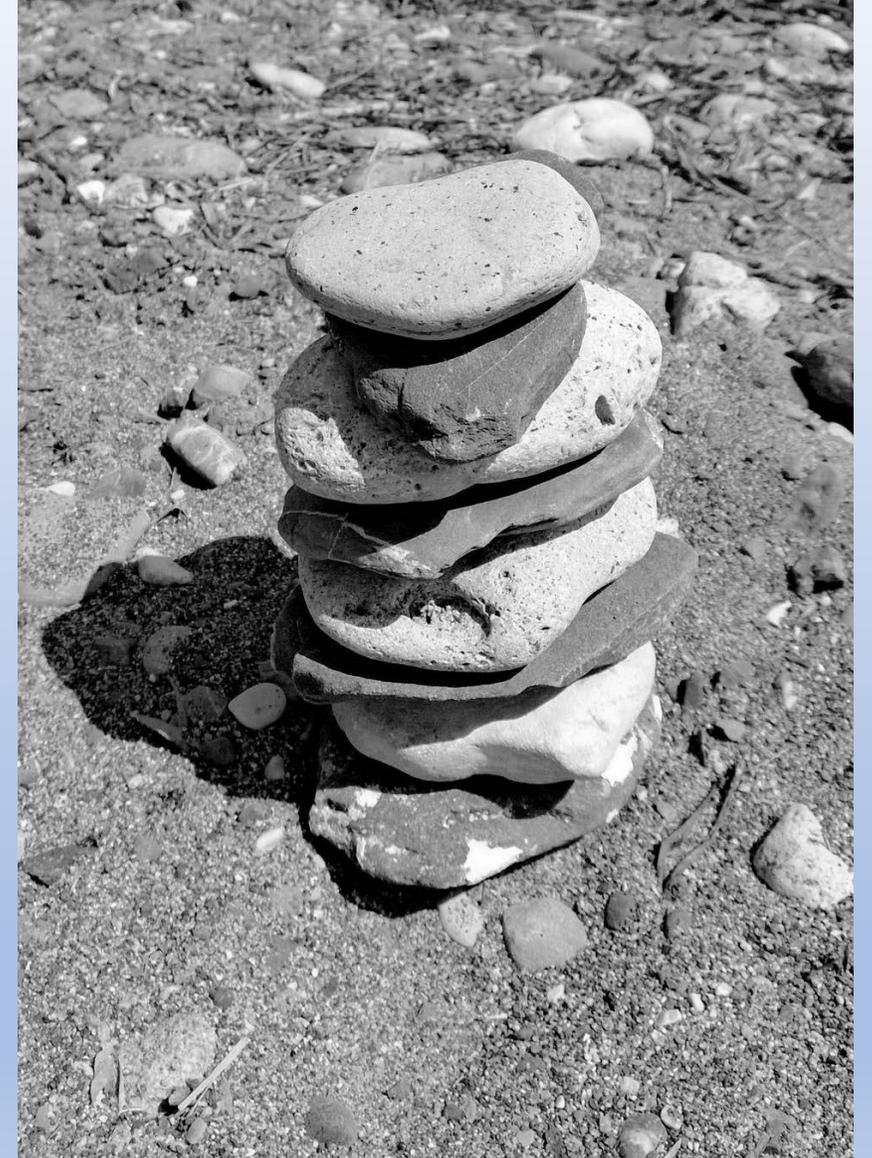




Part 2:  
2018 Budget Recommendations

# Structural budget balance

- Required by County policy
- Means ongoing revenues must cover ongoing expenses
- Failure to balance means drawdown of fund balances or borrowing for operating expenses
- Polk County's three year budget helps assure structural balance



# Polk County Budget Process

- Begins with ceilings or limits set in prior year budget
  - Ceilings adjusted for personnel changes (change in health insurance, new hires at lower wage rate, etc.)
  - Ceilings reviewed with departments to identify potential savings
- Ceilings are our best estimate of the cost of continuing operations

# County Board Policy Priorities

1	Increase <u>recreation and tourism</u> opportunities	5	Reduce <u>substance abuse</u> problems
	Improve higher/continuing <u>education</u>	6	Address <u>homelessness</u>
2	Maintain or improve public <u>infrastructure</u>	7	Improve <u>County services</u>
3	Improve services for <u>senior citizens and veterans</u>		<u>Partner</u> with other governments and non-profits
	Increase <u>transportation</u> safety and economic benefit	Protect quality of life and address <u>development</u>	
	Improve <u>economic opportunity</u> for all, especially youth	8	Increase overall <u>public safety</u>
4	Improve <u>mental health</u> outcomes	9	Reduce mosquito/tick-borne <u>disease</u>
	Improve the quality of <u>lakes and rivers</u>		

1

### Estimated change in cost of current operations

- Health insurance, new cost above ceilings
- In Administration budget recommendations

2

### Policy changes

- Change in service levels, offering new services, etc.
- Submitted to committees and the County Board without recommendations

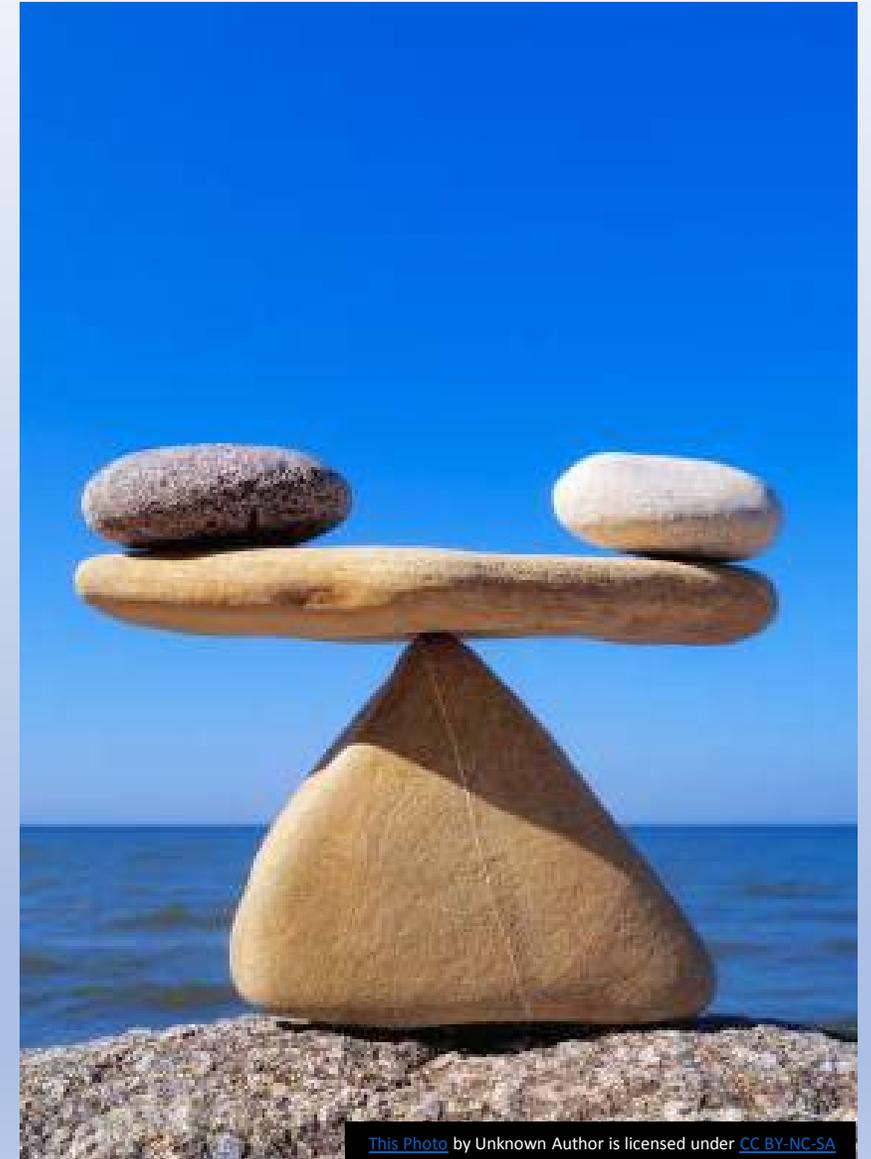
Two types of ceiling adjustments

Committees and  
County Board act on  
all adjustments

- Cost of operations, etc., in one amendment
- Each policy change or significant cost adjustments as separate amendment
- Any County Board member may propose any amendment at any time
  - Committees should review and make recommendations on amendments, however

# 2018 budget

- Proposed budget is balanced and structurally balanced for 2018 and 2019
- 2020 budget ceilings will need to be reduced slightly
  - Proposal is to do so through attrition only
- ANY increase in ongoing costs will make 2020 more difficult to balance



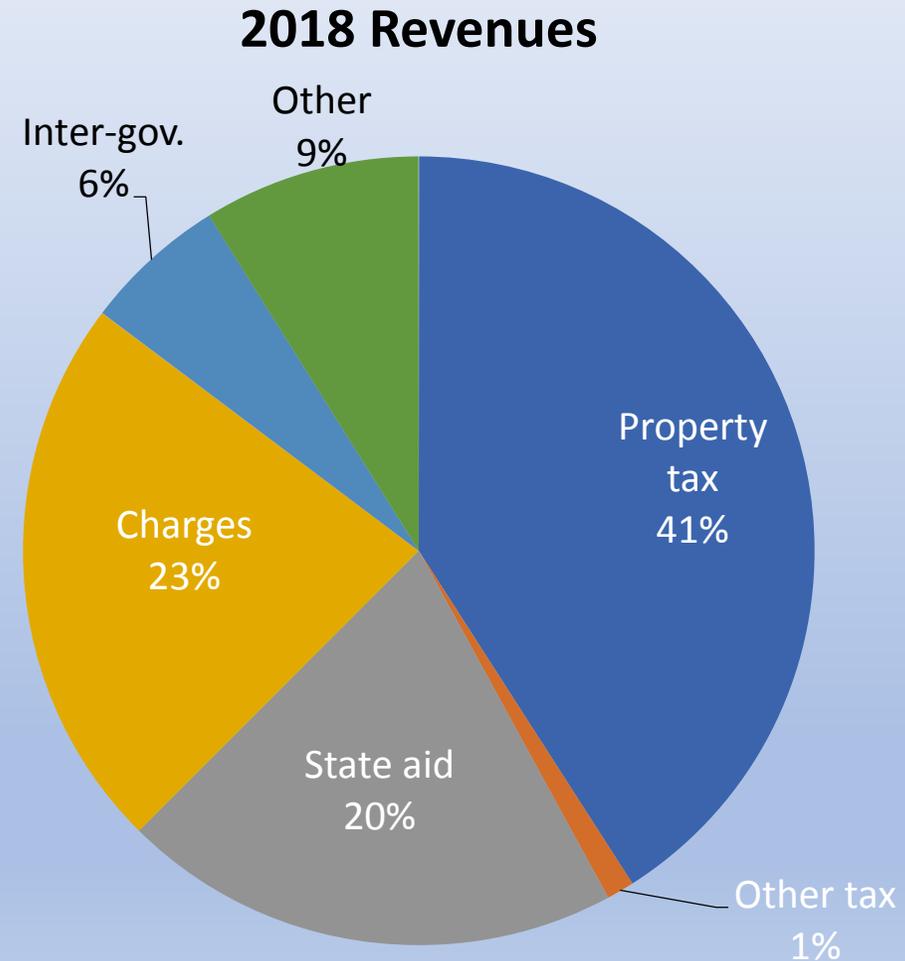
This Photo by Unknown Author is licensed under [CC BY-NC-SA](https://creativecommons.org/licenses/by-nc-sa/4.0/)

# 2017 Overall Budget Recommendation

- Total expenditures: \$53,285,386
  - Change from 2017 is \$229,920 or 0.4%
- Total revenues: \$ 53,179,321
  - Gap between revenues and expenditures is use of asset fund for GAM boiler
- Total 2017 proposed levy: \$21,854,342
  - 2016 levy: \$21,611,424
  - Change: \$242,918 or 1.2%

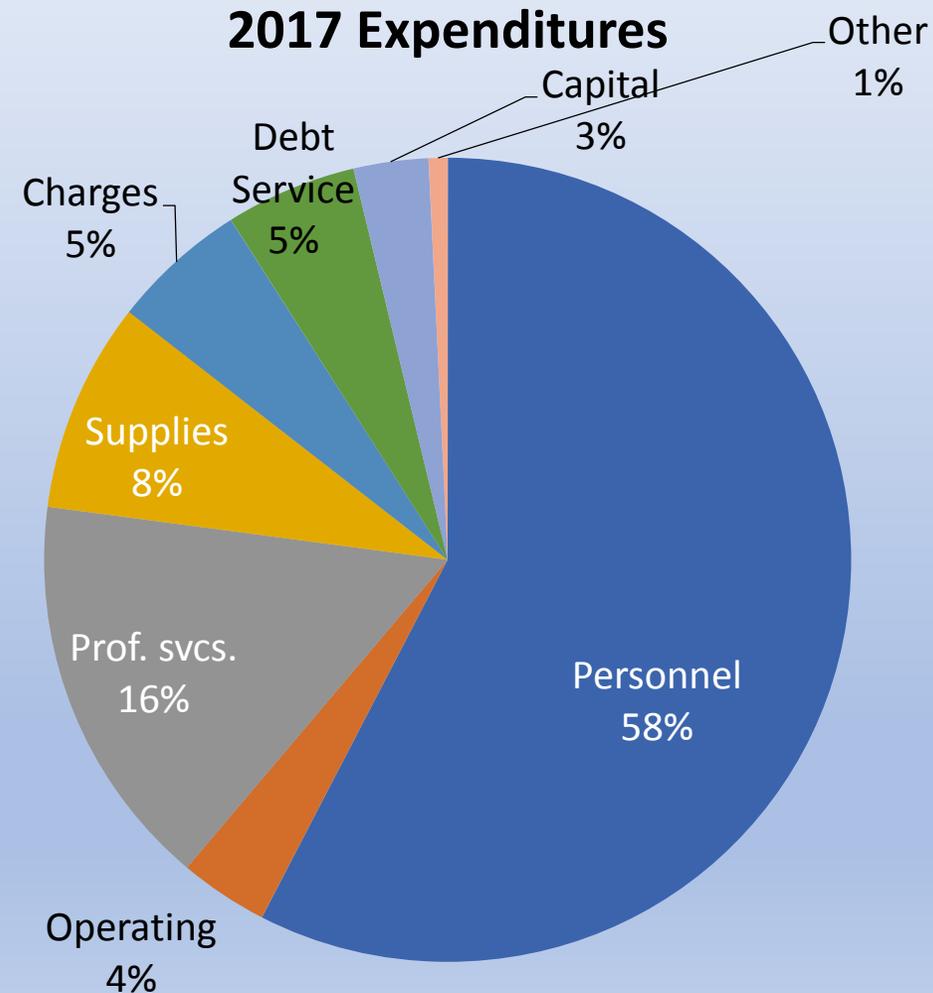
# Revenues

- Total \$53 million
- Sales tax \$3.1
- Most other resources show little growth



# Expenditures

- Major investment in IT and building infrastructure
- Increased staffing for jail
- All other minor increases



# Major changes from budget ceilings

Department	Item	Capital Costs	Recurring Costs
Law Enforcement	911 Shift Supervisors (no additional staff)		\$6,550
	Jail Sergeants (two additional staff)		\$141,120
	Jail control system replacement	\$200,000	
	Interview room equipment replacement	\$30,000	
	Protective vests	\$16,800	
	Taser replacement	\$26,641	
	Handgun replacements	\$19,200	
Circuit Court	Hearing room audio and control update	\$21,652	
	Branch 1 improvements	\$18,350	
	Branch 2 system installation	\$97,289	

# Major changes from budget ceilings (2)

Department	Item	Capital Costs	Recurring Costs
Information Technology	Replace IT switches and servers/increase bandwidth	\$160,000	\$6,550
Buildings	Justice Center security	\$20,000	\$100,000
	Government Center security	\$76,000	
	Government Center HVAC	\$55,000	
Golden Age Manor	Replacement boiler (funded from Asset Fund loan)	\$254,000	

# Policy amendments

Department	Item	Capital Costs	Recurring Costs
Law Enforcement	Long-range precision rifles	\$8,500	
	Electronic law library		\$5,000
Circuit Court	Clerk of Court office remodel	\$15,000	
	Court Commissioner to three-quarters time		\$15,000
County Clerk	Security	\$10,000	
Buildings	Relocation planning assistance for Salvation Army	\$10,000	

**County Board members may offer policy amendments as well; Administration will assist with drafting**

# Remaining issues

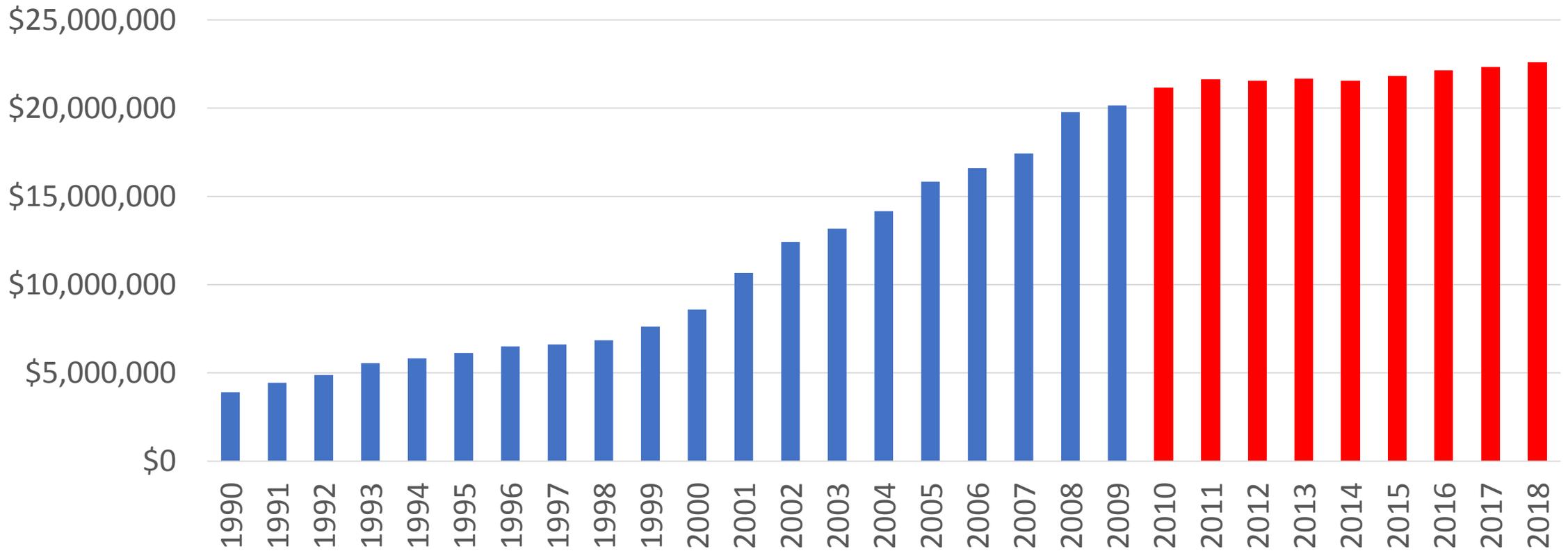
- State aid still uncertain
    - Built in best estimates, but...
  - Board technology
    - IT preparing options from \$5,000 on up
  - Policy amendments
- 
- At present, \$150,000 unappropriated and assigned to contingency fund
    - One-time appropriations will not affect future structural balance

# Property taxes in 2018



# Polk County levy almost flat since 2010

Polk County Tax Levy, 1990 - 2018



# Levy Impact, 2018 Budget Recommendation

- 2017 levy was \$21,611,424
- 2018 levy will be \$21,854,342
- Increase of \$242,918 or 1.2%
  - Combination of new construction and scheduled increase in 2005 debt payment
- No increase because of new Highway facility

# Levy Impact

- Tax rate (excluding Library Act 150 and Bridge Aid) will drop from 5.12 to 4.99
- On a \$100,000 house the 2017 County tax was \$512.50
- 2018 tax would be \$499.41
- Actual tax change depends on a number of factors

# Budget process going forward

## September committee meetings

Administration presents all policy or major operational amendments to relevant committee

Committees can ask questions or request more information

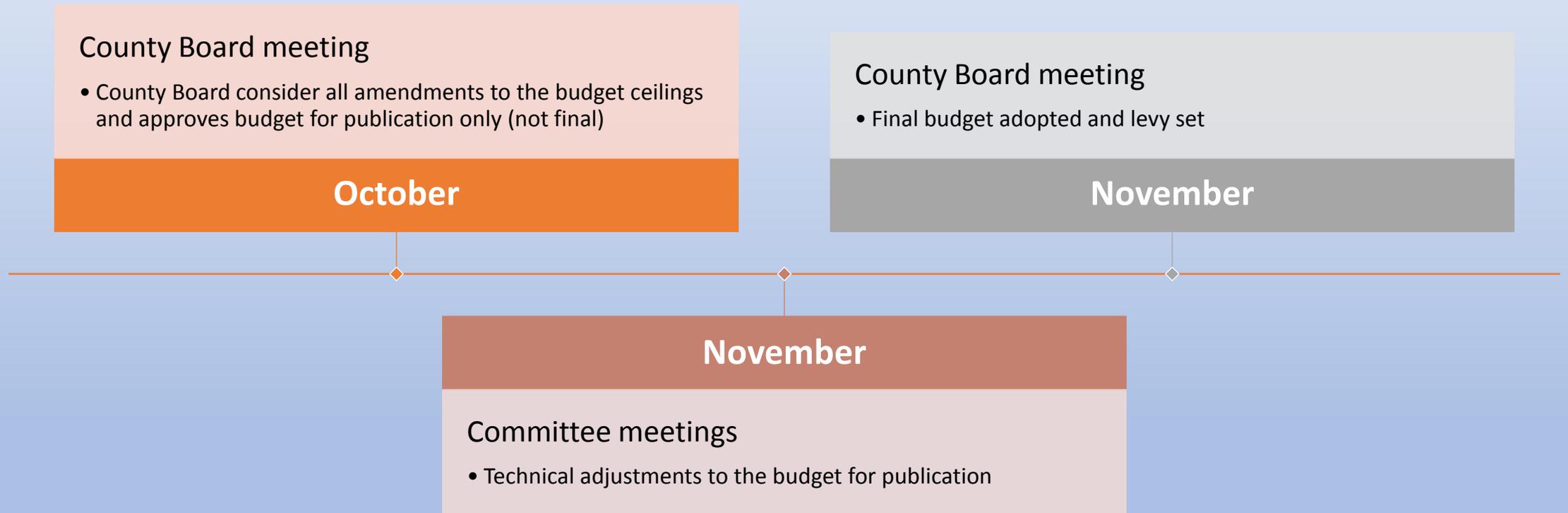
## October committee meetings

Committees will consider all amendments to the budget ceilings

Any County Board member may sponsor any amendment

- Administration will assist in drafting and costing

# Budget process going forward (2)



Thank you!