



**COUNTY BOARD STAFF/FINANCE COMMITTEES**  
**Minutes - June 12, 2017**

**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, Kraft, Arnold, Brill, Bussie, Peer, Sweeney and Thomas. Finance Committee – Supervisors Kraft and Podzilni.

**Committee Members Absent:** Supervisor Mawhinney (County Board Staff); Supervisors Beaver, Fox and Mawhinney (Finance).

**Staff Members Present:** Josh Smith, County Administrator; Randy Terronez and Nick Osborne, Assistants to the County Administrator; Sherry Oja, Finance Director; Amy Spoden, Human Resources Manager.

**Others Present:** Supervisor Yeomans.

**Approval of Agenda.** Chair Podzilni said items 3, 4 and 5 would need to be deleted as there is not a quorum of the Finance Committee. Supervisor Arnold moved approval of the agenda with these deletions, second by Supervisor Peer. ADOPTED.

**Citizen Participation, Communications and Announcements.** Supervisor Sweeney informed the Committees he took the proposal to the Rail Transit Commission, seven counties approved, one county refused and one county said they did not have the resources to cover the cost. He added that he and four other county representatives will be meeting with Wisconsin DNR on where things are at on the removal of the bridge.

**Approval of County Board Staff Committee Minutes – May 23, 2017.** Supervisor Bussie moved approval of the May 23, 2017 minutes as presented, second by Supervisor Kraft. ADOPTED.

**Discussion and Possible Action on Rock County Policy and Procedure Manual Appendix A – Unilateral Pay Plan.** Ms. Spoden went over the changes to Appendix A.

Supervisor Arnold moved approval of the changes to Appendix A, second by Supervisor Brill. ADOPTED.

Ms. Spoden and Mr. Smith said there are changes to *Policy 5.31 Overtime, Flex and After Hours Payments* and will be on the next agenda for action.

**General Review of County’s Financial Position as it Relates to the 2018 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. She said we are very steady and in a good position. Ms. Oja said she feels PFM have been working very hard for us.

Interest Earned on Investments. Ms. Oja said we continue to see low interest rates, which means interest earned on investments is still very low, though they are started to go up just a little. 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 152 delinquent parcels the county may take title to this fall. We are going to try selling the 25 outstanding properties, from previous foreclosures still on the books, using Wisconsin Surplus Auction site as other counties have had good luck using them.

Analysis of Tax Levy and Rate. Ms. Oja said the 2016 tax levy to fund the 2017 budget increased by 1.48% while the tax rate decreased by .99%. The decrease in the tax rate is due to the 2.5% 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 \$513 million. Our debt is quite low, only 8.2% 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. The fund balance policy requires 10%-17% in unassigned reserve. In 2015 our fund balance was 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 handed out copies of the memo he sent to department heads on June 2, 2017 outlining the 2018 budget parameters and priorities.

Mr. Smith said if the Town of Beloit files for incorporation in 2018 it will have an impact in 2019. He said we are looking to work under the assumption they will incorporate. There will be a loss of about \$670,000 to the operating budget in 2019. Mr. Smith said to help spread out the loss of revenue he would suggest: establish an \$800,000 net new construction cap in 2018; assume a \$200,000 increase in levy limits each of the next two years; and in 2021 Alliant is planning on an expansion to the Riverside Plant, which would bump us up by about \$793,000, about 1/3 of the new increment. Mr. Smith said, if the Town of Beloit should decide not to incorporate, we should be in good shape.

Mr. Smith said we are still a little better than we were last year. Personnel related costs are up about \$90,000 due to the wage study plan Human Resources did. The Human Services (AMHS) changes are not yet complete. Three of the law enforcement unions will be bargaining in 2018, so we will have some changes there as well. The salary reserve is still in good shape.

Mr. Smith said the health insurance had a modest increase in 2017, a premium is charged to each department, which has not changed the last few years, but may be bumped up a little in 2018. He said we are changing our wellness vendor and should save us a little money.

Mr. Smith said the operating costs are up a bit due to: Medical Examiner employee changes made, about \$120,000; EBDM - about \$85,000 for pre-trial risk screening, criminogenic risk assessments - to see where it is most appropriate to put them; Rock Haven census is down, which decreases revenue; Human Services Department has higher costs due mostly to out of home placements, which is beyond our control and is hard to plan for; UW Extension reorganization may raise our costs; Sheriff's Office overtime for extra help in Beloit (2016) and the Jakubowski case (2017); and Family Care flexibility with a five year reduction in payments to the state.

Mr. Smith said the capital expenditures are: there have been several high cost Airport expenditures in 2017 and the fund balance is declining; there have been several highway projects on CTH A and CTH F; depreciation of equipment increased 67% between 2010-2015; facilities – the Courthouse security needs to be resolved, the County Complex study on the old Rock Haven, need to address issues with the aging Health Care Center and Adolescent Services Center, and there are a number of facilities projects we are still catching up on.

Mr. Smith said the state budget is in a gridlock on transportation and education, though the Human Services Department, Rock Haven and Public Health are up, which is a positive.

The Committee talked about the Rock Haven census being down and the marketing being done to help on this; the Courthouse Security project and what changes are being worked on; and the elderly disabled are being kept at home more due, in a great part, to help from the ADRC.

**Next Meetings.** Chair Podzilni said the next scheduled meeting is set for June 19<sup>th</sup> at 8 A.M. at Rock Haven for Rock Haven and the Health Department.

**Adjournment:** Supervisor Arnold moved adjournment at 9:35 A.M., second by Supervisor Brill. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen  
Confidential Administrative Assistant

**NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.**