

Administrator's Message

- GFOA Distinguished Budget Presentation Award





JEFFERSON COUNTY

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"Jefferson County: Responsible government advancing quality of life"

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To The Honorable Members of the Jefferson County Board of Supervisors:

I am pleased to present the 2016 Budget for your review and consideration. Significant work has gone into its preparation with a focus on the continuous transforming of the budget process; aligning the budgetary document itself with operational priorities and placing the County in the position for its financial future. I would like to thank the Finance Committee for the time and feedback provided in this process. This is the first year that we are able to include the Distinguished Budget Presentation Award issued by the Government Finance Officers Association. This award symbolizes several noteworthy accomplishments. This includes the investment in time by County Board members and staff to get this budget to that high standard. More importantly it symbolizes the efforts to always look at organizational improvement to align with best practices and development of a document that is more transparent as to how the organization functions. The ultimate goal is for the Public and County Board to see policy guidance and priorities transcend both into the budgetary process and department operations.

This year's budget has included funding to execute and carry on work as recommended by the Task Force on Operations and Organization. This includes funding for the initial investment of a new Enterprise Resource Planning (ERP) software system to replace the existing finance system and bring into one system greater capabilities of running various business processes and Human Resource functions. Additional funds that have been allocated based on key recommendations of the Task Force including funds for purposes of retention and recruitment, professional development, continuous quality improvement training and implementation, initial training on priority based budgeting and updating the County Strategic Plan with the development of an action plan. Finally, funds are starting to be set aside for long term projects such as a transportation plan.

The budget will continue to be an evolving document with changes predicated on strategic goal setting and the impact to services provided by the County. This includes the goal of developing more enhanced priority based budgeting approach. As this process proceeds and the County continues to face competing interests for limited resources, the need to enhance the budget process will be crucial to the County's long term success. This will include having proven outcomes by business functions which will become more crucial to ensure that staff maximizes opportunities for efficiencies to provide the high level of services at the best value possible.

Key Operational Changes:

Revenue:

The County continues to examine various revenue streams to maintain its day-to-day operations. With maintaining a property tax freeze, the County may capture up to an additional \$216,000 in net new construction levy. In addition, a TIF has closed out in the City of Jefferson resulting in an additional \$21,500 the County will receive. The County also is seeing an increase projected sales tax growth for an increase of \$200,000. This past year through work of the Finance Committee, County Treasurer, Finance Director and County Administrator, the County has transitioned its investment strategy with a new partner. Based on this revised strategy, the County expects to see increase investment revenue as a result. Several departments have received new or increased grants and donations to help provide increased services and programs.

Expenditures:

As part of preparation for this coming year budget, the focus was looking at current challenges and looking forward to the future years in preparing cost saving measures. The total projected 2016 County Budget is \$72,005,446.

Some highlights in this year's budget include:

- 1) **Personnel Changes:** Department's continued to look at their day to day expenditures and staffing levels. This budget sees several key changes in not funding two full time positions; one in Child Support and one in the District Attorney's office. In addition, a part time position in the MIS was eliminated and a part time position in Register of Deeds was reduced to a benefited part time position. The Health Department is adding hours to assist in the nursing jail program through their existing fund balance, as this program is under evaluation for long term sustainability. The Human Services Department is adding three positions through grants and other non-levy funding sources. One of these positions is specifically geared towards youth and the heroin/opiate issues.
- 2) **Salaries:** The budget as presented allows for the County to continue the step program for employees along with a 1% cost of living adjustment (COLA). Development of performance bonuses is also included for certain positions based on market conditions.
- 3) **Health Insurance:** This budget is based on maintaining the low-deductible plan the County shifted to in 2015. In 2016, the County established a base line of paying 95% of the lowest qualified cost for non-sworn personnel and 93% for sworn personnel. Based on competitive rates for two of the main plans employees currently use, there should be limited impact to the majority of employees while reducing the amount the county pays. In addition, the County will be able to contribute 25% of the deductibles to employees' flex spending accounts.
- 4) **Contingency:** The general contingency fund will have approximately \$525,000 allocated towards it with the vested contingency fund having an additional \$280,000.

Tax Impacts

The County has seen an increase of 2% equalized assessed valuation (EAV) within the County. This impact results in the operational MIL rate being reduced from 4.1962 in FY 2015 to 4.1452 in FY 2016. Including debt, the overall MIL rate is reduced from 4.3917 to 4.3294 or a 1.42% reduction.

The proposed levy is broken down as follows:

- General Levy - \$25,605,238
- County Library - \$1,039,235
- Health Department - \$838,207
- Debt - \$1,138,284

Capital Projects:

The County continues to utilize savings from previous fiscal years and direct levy dollars to invest in the infrastructure, facilities and equipment to perform the key day-to-day functions for various County activities. Some key capital expenditure highlights include:

- Replacement of six squad vehicles with propane systems - \$279,800
- Funding of ERP System- \$300,000
- Highway Department Vehicles and Equipment - \$1.182 million
- Highway Construction Projects
 - o CTH Y - \$1.995 million (6.25 miles of rehab)
 - o CTH J - \$2.4 million (Construction)

Long Term Outlook:

The County continues to have a positive financial position. The Board and Finance Committee continue to reinforce the value of having a full three months of operational reserve with liabilities fully funded. The Fund Balance Policy is reviewed on an annual basis as part of the budget process and was reviewed as part of the recent Task Force initiatives. Some language changes were made to strengthen the policy but maintain the basic principles of keeping three months in reserve.

The County continues to limit debt issued and is projected to be less than .3% of full evaluation, well below the maximum allowed by state statute. The County has a very positive bond rating of Aa2, with the most recent rating including positive commentary. To preserve this position, the County will need to look long term at several key areas to ensure it remains in financial position that balances projected revenue streams with expenditures while still providing the level services as needed. Below are some key long term areas that are crucial for the future.

Personnel and Operational Budgets:

A significant portion of the County's expenditures are tied to the cost of its employees' compensation package composed of salary, health insurance and pension contributions. The County continues to analyze what the proper mix of the compensation package is to ensure we are competitive within the market place for both recruitment and retention of staff. Some functional areas of the County are being impacted more than others due to numerous market conditions. This was recognized through both the Task Force and a series of special joint committee meetings on this topic.

Departments continue to focus on what is needed to get the job done. In this year's budget, the two departments were able to defund FTE positons due to review of operational efficiencies. These are examples of the continuous analysis that takes place to ensure we can provide services in a fiscally responsible way as appropriate. Departments continue to work through other opportunities to develop efficiencies while still prioritizing investments in training and other tools. This will continue to be a focus in the year ahead.

Technology:

With the ever changing world of technology, looking at new technologies such as “cloud computing” and “software as a service” there continues to be discussion as to where the County will head. The investment in technology includes the on-going maintenance and operational costs that continue to rise at a significant rate which impacts all departments’ operational budgets. At the same time, investments in new systems may assist in greater efficiency and provide tools that assist in providing needed services.

Capital:

The County continues to work hard to maintain the “pay-as-you-go” approach to our capital acquisitions and projects versus issuance of debt. This includes the significant annual investment in road projects. One analysis that the County has undertaken is reviewing the existing conditions of County facilities to ensure smart investments are made to maintain our facilities for the long term. This work will be reviewed and completed by the end of 2015. A plan of action will be reviewed and discussed with the appropriate committees in 2016 to determine what the appropriate path is moving forward. In addition, the reoccurring capital needs of the County are ever-growing. All the departments, except Highway, share approximately \$1 million a year which covers the purchase of all capital equipment, vehicles, major maintenance cost for buildings, parks, trails and county wide dispatch.

The cooperation and efforts by staff in the development of the 2016 Budget made the process very effective and smooth. A significant amount of work went into the FY 2016 Budget, such as greater enhancements in the new format and thoughtful quantifiable outcomes. These are key to providing an educational component for the return on investment made by the taxpayers at the local and state level. Significant time was also devoted to achieve cost savings to maintain our high level of services. A sincere thanks is in order to all the Department Heads; the respective financial divisions in Highway, Human Services and Health; the Finance Department, specifically Brian Lamers and Tammy Worzalla; the Human Resources Department, especially Terri Palm; Kathy Hart from Duplicating and Tammie Jaeger, my Administrative Assistant. They all put tremendous time and efforts into the development of this budget.

Respectfully Submitted,

Benjamin Wehmeier
County Administrator



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Jefferson County

Wisconsin

For the Fiscal Year Beginning

January 1, 2015

Executive Director

