

FY 24 Budget Work Session

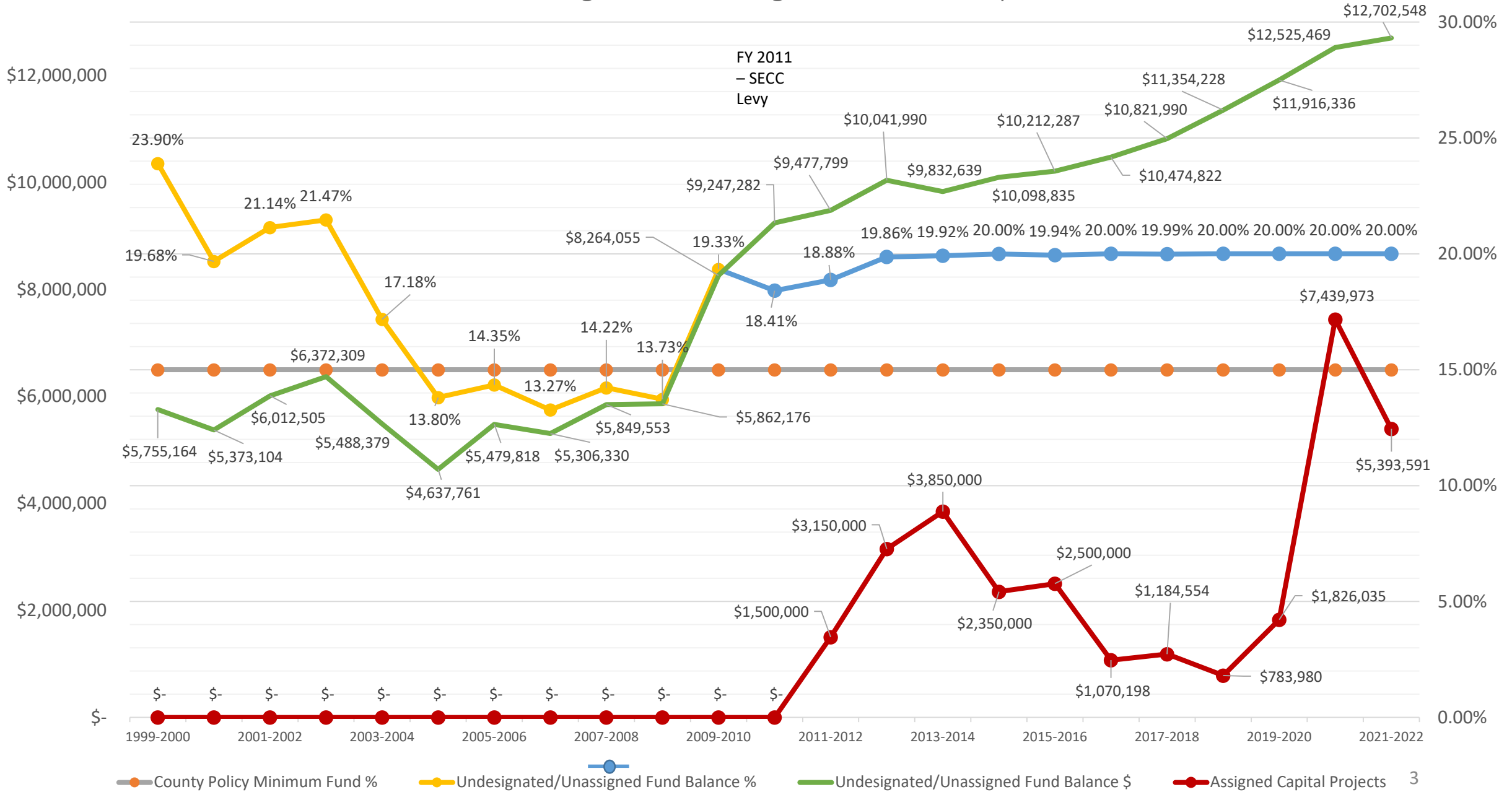
March 14, 2023



Fund Balance History

- The percentage of expenditures has ranged from 13.27% (2007) to 23.9% (2000). Recent trend is 18.41% to 20%.
- County has been able to assign for capital projects. Budgeting practice has to balance the General Fund budget but not develop excess funds for capital. Examples of projects include: 1st Floor Courthouse, Patrol Headquarters, Westlake Restoration, YJRC.
- 20% June 30 balance tends to allow 8% reserve as of August 30.

Undesignated/Unassigned Fund History

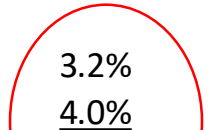
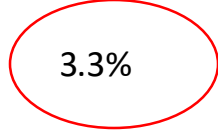


Property Taxes - What Happened?

- SF 181 was signed February 20, 2023; County Certified new valuation February 21, 2023.
- Estimated to be \$1.6 M reduction to all General Fund and Debt Service Fund.
 - State Legislature ordered Multi-residential property to be classified the same as residential property in the calculation of the 2022 Assessment Year rollback formula. This is not newly assessed growth but reclassification from a previous category to the residential classification.
 - Formula is to limit residential growth to 3% residential and agricultural growth, was previously silent about reclassifications.
 - Residential rollback moves from 56.4919% down to 54.6501%. This is a 3.36% reduction in planned taxable assessment growth. New allowable growth is 0.96% over 2021 assessment year.
 - Reduced allowable growth below 3% between residential and multi-residential classifications.

Taxable Valuation Comparison – 56.4919%

	<u>January 1, 2021</u> <u>For FY23</u>	<u>% of</u> <u>Total</u>	<u>January 1, 2022</u> <u>For FY24</u>	<u>% of</u> <u>Total</u>	<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>
<u>COUNTY-WIDE</u>						
Residential Property	6,342,678,065	63.2%	7,095,527,643	68.5%	752,849,578	11.9%
Commercial Property	2,411,349,998	24.0%	2,292,684,407	22.1%	(118,665,591)	-4.9%
Multiresidential	274,960,679	2.7%	-	0.0%	(274,960,679)	-100.0%
Utilities	406,794,566	4.1%	372,285,251	3.6%	(34,509,315)	-8.5%
Industrial Property	287,265,565	2.9%	283,139,967	2.7%	(4,125,598)	-1.4%
Agricultural Land/Structures	<u>310,479,900</u>	3.1%	<u>319,616,883</u>	3.1%	<u>9,136,983</u>	<u>2.9%</u>
All Classes	10,033,528,773	100.0%	10,363,254,151	100.0%	329,725,378	3.3%
<u>UNINCORPORATED AREAS</u>						
Residential Property	805,010,731	66.4%	864,411,863	68.5%	59,401,132	7.4%
Commercial Property	51,249,751	4.2%	46,257,952	3.7%	(4,991,799)	-9.7%
Multiresidential	8,966,592	0.1%	-	0.0%	(8,966,592)	-100.0%
Utilities	77,452,100	6.4%	71,406,764	5.7%	(6,045,336)	-7.8%
Industrial Property	1,716,129	0.1%	1,433,213	0.1%	(282,916)	-16.5%
Agricultural Land/Structures	<u>268,531,706</u>	22.1%	<u>277,553,110</u>	22.0%	<u>9,021,404</u>	<u>3.4%</u>
Total	1,212,927,009	100.0%	1,261,062,902	100.0%	48,135,893	4.0%
Property in Cities	8,820,601,764	87.9%	9,102,191,249	87.8%	281,589,485	3.2%
Property in Rural Areas	<u>1,212,927,009</u>	12.1%	<u>1,261,062,902</u>	12.2%	<u>48,135,893</u>	<u>4.0%</u>
Total	10,033,528,773	100.0%	10,363,254,151	100.0%	329,725,378	3.3%



Taxable Valuation Comparison – 54.6501%

	January 1, 2021 <u>For FY23</u>	% of <u>Total</u>	January 1, 2022 <u>For FY24</u>	% of <u>Total</u>	<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>	
<u>COUNTY-WIDE</u>							
Residential Property	6,342,678,065	63.2%	6,858,833,949	67.8%	516,155,884	8.1%	←
Commercial Property	2,411,349,998	24.0%	2,283,889,988	22.6%	(127,460,010)	-5.3%	
Multiresidential	274,960,679	2.7%	-	0.0%	(274,960,679)	-100.0%	←
Utilities	406,794,566	4.1%	372,279,726	3.7%	(34,514,840)	-8.5%	
Industrial Property	287,265,565	2.9%	278,154,221	2.8%	(9,111,344)	-3.2%	
Agricultural Land/Structures	<u>310,479,900</u>	3.1%	<u>319,616,883</u>	3.2%	<u>9,136,983</u>	<u>2.9%</u>	
All Classes	10,033,528,773	100.0%	10,112,774,767	100.0%	79,245,994	0.8%	
<u>UNINCORPORATED AREAS</u>							
Residential Property	805,010,731	66.4%	836,182,889	67.9%	31,172,158	3.9%	←
Commercial Property	51,249,751	4.2%	45,823,764	3.7%	(5,425,987)	-10.6%	
Multiresidential	8,966,592	0.1%	-	0.0%	(8,966,592)	-100.0%	
Utilities	77,452,100	6.4%	71,404,951	5.8%	(6,047,149)	-7.8%	
Industrial Property	1,716,129	0.1%	1,416,026	0.1%	(300,103)	-17.5%	
Agricultural Land/Structures	<u>268,531,706</u>	22.1%	<u>277,553,110</u>	22.5%	<u>9,021,404</u>	<u>3.4%</u>	←
Total	1,212,927,009	100.0%	1,232,380,740	100.0%	19,453,731	1.6%	
Property in Cities	8,820,601,764	87.9%	8,880,394,027	87.8%	59,792,263	0.7%	
Property in Rural Areas	<u>1,212,927,009</u>	12.1%	<u>1,232,380,740</u>	12.2%	<u>19,453,731</u>	<u>1.6%</u>	
Total	10,033,528,773	100.0%	10,112,774,767	100.0%	79,245,994	0.8% ⁶	

Next steps

- Review ideas / recommendations and their program impacts, program implementation and timing
- Determine priority of recommended changes
- Recalculate net revenue and expenditure changes
- Prepare for Budget adoption hearing on April 27, 2023



What Dollars Are Lost?

- Assumes same tax rate from prior budget presentations of \$5.95 urban rate and \$8.77 rural rate.

Tax Rate	1 st Valuation	2 nd Valuation	Lost Revenues
General Basic	\$36,271,349	\$35,394,749	(\$876,600)
General Supplemental	<u>\$22,314,315</u>	<u>\$21,704,386</u>	<u>(\$609,929)</u>
Total General	\$58,585,664	\$57,099,135	(\$1,486,529)
Debt Service	\$3,240,568	\$3,240,568	\$0.01 increase to tax rate, or (\$74,000)
Rural	\$3,566,639	\$3,494,639	(\$72,207)

- Every \$0.01 to tax levy is about \$100,000.

Balancing A Budget Gap

Reduce or Delay Expenditures

Operations

- Staffing
- Supplies
- Strategic Goals
- Authorized Agencies

Capital

- Delay or cancel project



Fund with new revenues or fund balance.

- Property tax levy by fund
- Assess other revenues in our control
- New revenues assigned to county
- Fund balance

Estimated \$1.6 M gap based on preliminary rollback and property valuation.

Potential Program Changes

- Requested departments to review budget recommendations.
- Ideas varied from easy implementation to high difficulty of implementation.
- Impacts range from low dollar to high dollar impacts.
 - Low - \$0 - \$85,000, Medium - \$85,000 - \$150,000, High \$150,000 +
- Program impacts range from low to high.
- Number of ideas presented that could not be quantified in costs or may take more than one fiscal year to change.
- Some changes are recommended due to assessing programs 4 months after initial submission.



Other Brainstorming

- Limit over hires.
- Delay hiring of staffing.
- Delay conservation or general capital projects, may impact future fund balance.
- Across the board reductions based on percentage of deficit.
- Raise all public fees under County discretion, passport, health inspections, finger printing, marriage licenses, out of county inmates, gun permits; non-core warehouse storage costs, parking; room rentals; print shop pricing.
- Reduce utility costs through device management, temperature management, or reduction of public service times (4 day work week).
- Downgrade quality of products purchased – Groceries, paper products.



Other Brainstorming

- Obtain compensation for unfunded mandates / reduce unfunded mandate costs.
- Continue to change operations – increase online / email delivery vs postage, reduce snow removal timing.
- Adjust compensation methods towards deferred compensation, overtime.
- Reduction of non-core programming.
- Direct charge for facility maintenance to tenants.
- In-source certain activities (pest control, lawn services, etc.).



To meet balanced budget without program changes

Tax Rate	2023 Taxes	2023 Rate	2024 Balance Budget	2024 Balanced Budget Rate
General Basic	\$36,271,349	\$3.50	\$35,394,749	\$3.50
General Supplemental	<u>\$22,314,315</u>	<u>\$2.16</u>	<u>\$23,190,915</u>	<u>\$2.29</u>
Total General	\$58,585,664	\$5.66	\$58,585,664	\$5.79
Debt Service	\$3,240,568	\$0.29	\$3,240,568	\$0.30
Rural	\$3,566,639	\$2.87	\$3,566,639	\$2.89
Urban rate		\$5.95		\$6.10
Rural Rate		\$8.82		\$8.99

Potential Program Changes

- Capital Assets

- FY 2024 and portion of 2025 capital expenditures are currently budgeted with ARPA Lost Revenue provision. All property tax dollars are directed toward YJRC building project.
- Therefore, any capital project changes will create capacity in Lost Revenue provision to be utilized by December 31, 2024.
- Tax dollars are directed to YJRC Project and Conservation.
- A reallocation is not recommended at this time.



Capital Projects

Consideration	Amount	Implementation Difficulty	Dollar Impact	Program Impact	Recommended
Reduce Vehicle Purchases	\$100,000	Easy	Medium	High	No, Capital - ARPA
Delay Jail Syntinal Project – FSS	\$145,000	Medium	Medium	High	No, Capital - ARPA
Delay Jail Syntinal Project – IT	\$500,000	Medium	High	High	No, Capital - ARPA
Auditor Office Carpet Replacement (FY25)	\$50,000	Medium	Low	Low	No, Capital - ARPA
Administration 2 nd Fl. Carpet (FY26)	\$140,000	Low	Medium	Low	No, Capital - ARPA
Admin. Center Security Enhancements (FY24)	\$40,000	Medium	Low	Medium	No, Capital - ARPA
OB Misc. Landscaping (FY 26 Reductions)	\$20,000	Easy	Low	Low	No, Capital - ARPA
Alertus – Annual	\$25,000	Easy	Low	Low	No, Capital - ARPA
Move Evidence Management Solution to General Fund / Capital	\$250,000	Medium	High	Medium	Yes ¹⁵

Revenues

Consideration	Amount	Implementation Difficulty	Dollar Impact	Program Impact	Recommended
Flat Property Tax – General Fund	(\$1,484,483)	High	High	High	N/A
Flat Property Tax – Debt Service	(\$74,000)	High	Low	High	N/A
Flat Property Tax – Rural Services	(\$81,828)	High	Low	High	N/A
Property Tax Increase – Debt Service	\$74,000	Easy	Low	High	Yes
Property Tax Net Change – Rural Services	\$9,828	Easy	Low	Low	Yes
Community Service – Service Fee increase	\$38,400	Medium	Low	Medium	Yes, Board Discretion
Increase Estimate of General Fund Investment Income	\$896,900	High	High	High	No
Use of ARPA Interest Earnings for General Services – Transfer to General Fund	\$350,000	Easy	High	High	Board Discretion

Expenditures

Consideration	Amount (Positive = Reduction of Expenditures)	Implementation Impact	Dollar Impact	Program Impact	Recommended
Reduce Property Tax Transfer to Secondary Roads – General Fund	\$28,000	Easy	Low	Low	Yes
Reduce Property Tax Transfer to Secondary Roads – Rural Service	\$72,000	Easy	Low	Low	Yes
Deficit Spending – Secondary Roads	(\$100,000)	Easy	Medium	Low	Yes
Separation Compensation	\$300,000	Easy	High	Medium	Board Discretion
Contingency Expenditures	\$290,000	Easy	High	Medium	Board Discretion
YJRC – Service Contracts	\$200,000	Medium	High	Medium	Yes
Move Evidence Management Solution to General Fund	(\$75,000)	Medium	High* due to Capital	Medium	Yes

Expenditures

Consideration	Amount (Positive = Reduction of Expenditures)	Implementation Impact	Dollar Impact	Program Impact	Recommended
CADS County Evaluations & Prevention	\$465,450	Medium	High	High	Board Discretion
CADS County Prevention Grant Revenue	(\$10,000)	Medium	High due to related County Program	High	Board Discretion
County Evaluations – New contract	(\$100,000)	Medium	High	High	Board Discretion
CASI – Outreach	\$165,614	Medium	High	High	Board Discretion
SECC – Delay Capital	\$95,000	High	Medium	Medium	Under Consideration
SECC – Reduce Operations	\$2,455	Easy	Low	Low	Under Consideration
EMA – Delay Lighting Towers	\$10,000	High	Low	Low	Under Consideration

Expenditures

Consideration	Amount (Positive = Reduction of Expenditures)	Implementation Impact	Dollar Impact	Program Impact	Recommended
Reallocate Funding Split PH Nursing and Homecare Aide Svcs.	\$125,000	Medium	Medium	Medium	Yes
Reduce Laboratory (Jail) Health Services – Bdgt. Contingency	\$2,000	Medium	Low	Medium	Yes
Reduce Hospital (Jail) Health Services – Bdgt. Contingency	\$20,000	Medium	Low	Medium	Yes
Reduce Physician (Jail) Health Services – Bdgt. Contingency	\$15,000	Medium	Low	Medium	Yes
Reduce Health Pharmacy Services – Bdgt. Contingency	\$3,000	Medium	Low	Medium	Yes
Health Department EMS Director	\$14,338	Medium	Low	Medium	Yes
Health Department M. E. Contract – Bdgt. Contingency	\$12,000	Medium	Low	Medium	Yes
Health Remove Contract Tracer Position	\$8,900	Easy	Low	Low	Yes

Expenditures

Consideration	Amount (Positive = Reduction of Expenditures)	Implementation Impact	Dollar Impact	Program Impact	Recommended
Health Seasonal Health Worker	\$6,400	Medium	Low	Medium	No
P & D Tax Deed “Catch Up”	\$32,000	Medium	Low	Medium	No
P & D Summer Intern	\$6,215	Easy	Low	Low	No
P & D – Partners for Scott County Watershed	\$3,500	Easy	Low	Medium	No
Human Resources (Travel, Tuition Reimbursement, Picnic, Store Contribution)	\$8,000	Easy	Low	Medium	No
Treasurer – AP Automation	(\$7,600)	Medium	Low	High	Yes

Compensation Board

- Compensation Board Recommended 5% for the Sheriff, 3.5% for all others.
- Board can adjust their compensation separately from other elected positions.

Elected Office	Elected Compensation Change	Appointed Deputies Compensation Change
Board of Supervisors	\$9,456	
Attorney	\$6,455	\$5,506
Auditor	\$3,955	
Recorder	\$3,955	
Treasurer	\$3,955	
Sheriff	<u>\$8,559</u>	<u>\$21,655</u>
Subtotal	\$26,879	\$27,161

Next steps

- Determine preliminary financial impact of recommended changes
- Follow up meeting March 21, 2023?
- Prepare for Budget adoption hearing on April 27, 2023

