

## BUDGET POLICY FOR FISCAL YEAR 2017

It is the legal responsibility of the County Administrator to communicate to the County Board of Supervisors the condition of the county, recommend policy and fiscal matters to them for their consideration, and submit to them the annual budget for consideration and adoption.

The County Administrator has determined that the annual budget be considered an operational guide, the county's financial plan, a support mechanism for policy and an avenue of communication.

In order to plan, compile, and complete a budget document for the County Board, it is necessary for the Administrator and administrative support staff of the county to have certain guidelines and policies to follow.

The following 2017 Budget Policy shall be the guideline and policy of the Marinette County Board of Supervisors. The Marinette County Administrator and Finance Director shall apply this policy to all Marinette County Departments/Agencies for the preparation and review of the county's 2017 budget.

### (1) COUNTY SERVICES

(a) New county services will be considered only on condition that:

(1) Any department providing support services to other government entities will at a minimum recoup their costs for providing these services and not require any additional staffing to provide these services; or

(2) The Finance Committee recommends and the County Board approves the proposed new services and/or implementation of certain changes based on review of existing programs; or

(3) Federal or state mandates require the provision of services.

(b) The county should continue to reorganize departments as well as enter cooperative agreements with other municipalities to maintain a low tax levy while maintaining adequate county services. Any agreement to provide services to other municipalities should be achieved without adding additional Marinette County staffing.

### (2) REVENUES

(a) **Revenues.** State levy limits provide that the County may only increase the tax levy for the percentage change in new construction minus improvements removed from the assessment roll in the last year. The limit cannot go below zero. The levy limits were implemented and have remained in place since the 2011-2013 state budget.

(b) **State Aid.** The level of state aid appears to be consistent in the 2017-2018 budget with the exception of cuts to the UW extension that are currently being instituted and a static level in the available state road funding. Marinette County has adopted a policy opposing cuts to the UW extension. The implementation of these cuts and their impact on Marinette County remain uncertain.

(c) **Sales Tax.** The County's sales tax collections are committed by ordinance for payment of principal and interest on debt service. In prior years, the County Board has approved using surplus sales tax collections to fund tourism and capital outlay expenditures. The usage of surplus sales tax collections was once again utilized to

fund a portion of tourism and capital outlay expenditures in the 2016 budget. The sales tax is set to expire and if the decision is made to not extend it we need to begin planning for reductions in those programs utilizing the sales tax. The sales tax has continued to raise more money than was originally projected at the time of its implementation. With the addition of several new retail establishments in the former mall and other growth, I believe we will continue to see growth in the amount generated by the sales tax, so long as there is not another significant economic contraction. The sales tax is set to sunset on December 31, 2021 if it is not re authorized. I believe the sales tax is a critical component of providing needed services to Marinette County residents. However, the decision to renew or not the collection of the sales tax is a policy decision for the Marinette County board to decide.

(d) **User Fees and Charges.** Every effort shall be made to identify and/or establish appropriate user fees or charges, as authorized by State law, for appropriate public services as recommended in the 2017 Schedule of Marinette County User Fees.

(e) **Intergovernmental Revenues**

- (1) No new grant applications accepted in 2017 that require new county tax levy for funding will be processed unless the Finance Committee recommends and the County Board approves the grant application.
- (2) All existing grants shall be identified in the budget process indicating the various governmental participants, i.e., state, federal, and county, comparing 2016 with 2017 funding levels.

(3) **FUND BALANCES**

The Finance Committee and County Board approved an amended Fund Balance Policy in December of 2011. The policy complies with Governmental Accounting Standards Board (GASB) statement #54 (Fund Balance Reporting and Governmental Fund Type Definitions). Required balances for specific funds are defined in the policy as approved by the Finance Committee and County Board.

(4) **CONTINGENCY**

There will be appropriated in the General Fund a contingency line item in an amount no less than \$250,000, which will be administered in accordance with state statutes and County Policy. Dependent on available revenues and expenditures it may be prudent to increase the amount set aside for contingency to \$300,000 or more if the budgetary situation permits.

(5) **CAPITAL IMPROVEMENT PLAN**

Recognizing the need for the county to plan for future capital improvement projects and the replacement, restoration and maintenance of the county's infrastructure, the budget will reflect the appropriate level funding as indicated in the county's Five Year Capital Improvement Plan (CIP) for calendar years 2017 - 2021. The approval of the capital projects for calendar year 2017 shall precede the annual operating budget. The CIP at its current rate of borrowing is not sustainable for the long run in my opinion. Marinette County experienced a number of tight budget years in the past and many essential repairs on buildings and roads were deferred or put off. The CIP was utilized to play "catch up" for those shortfalls in the

years preceding adoption of the CIP. The CIP debt is exempt from the levy limit restrictions as outlined earlier in the budget policy message. The CIP can be and should continue to be an essential part of the Marinette County budget. However, it cannot be a “catch all” funding source and the County needs to plan on a continued reduction in the overall borrowing for the CIP.

The Highway department is one of the largest consumers of long term debt. All new road construction and repair is currently financed through debt in the CIP. While many roads that had been deferred for repair in the past have been repaired and restored with the CIP, we are currently budgeting to reduce borrowing for the highway department from a high of \$8,973,000 in 2014, to the current 2017 borrowing of \$4,931,000, followed by a reduction to \$2,602,155 in 2021. By 2021 the Highway department will be utilizing slightly more than ¼ of the borrowing that was being used in 2014 (this is also not factoring in the effects of inflation). To take the place of this reduced borrowing the Highway Department will be performing more work for the state and other local towns and governmental units in Marinette County. This will provide additional revenue, rather than debt and will benefit the citizens in Marinette County by helping to improve and maintain our transportation infrastructure.

Every effort should be made to keep the population census of the jail at a level serviceable by our current facility. Currently, we have \$9,000,000 assigned in the CIP for a new pod at the jail in 2019. This \$9,000,000 amount only covers the costs of the addition of the physical plant component of the pod. The additional staffing would be an additional significant non CIP cost. By continuing to utilize and expand our drug court and other programs we can reduce the need to add this pod and in the long run undertake a more economical approach. However, there will be additional costs to try to develop and enhance programs such as the drug court that may help keep the inmate census at a manageable level.

(6) **INDIRECT COST PLAN**

The County Board realizes that certain departments, (i.e., Finance, Human Resources, Administration, Corporation Counsel and others) are providing administrative services to all county departments and are an important part of county government. The Board also recognizes that these administrative services have no available revenue sources, but also recognizes that State and Federal government allows for the partial reimbursement of expenditures associated with the operation of these administrative departments. Therefore, it shall be the policy of the County Board to continue to prepare and submit a county indirect cost plan for the purpose of recovering these funds. This shall remain in effect as long as revenues received exceed the cost of the production of the plan, or until changed by county policy. An examination of the costs recouped from indirect costs from the state and federal government should be undertaken to ascertain that calculation of these indirect costs is greater than the time and expense to calculate these costs.

(7) **PERSONNEL POLICY**

(a) Staffing Levels

- (1) All departmental staffing shall be identified in the proposed 2017 budget.
- (2) Additional personnel requests and/or personnel changes must comply with the process stated in the Personnel Policies and Procedures Manual.

- (3) Should any existing Federal or State grant funds be eliminated or grants are reduced below the 2016 level of funding, affected positions will be subject to review for future continuation by the Committee of Jurisdiction, Personnel Committee, Finance Committee and County Board.

(b) Employee Compensation

Salary and fringe compensation will be included in the 2017 budget as follows:

- (1) Increases as approved in WPPA bargaining unit contract for 2017.
- (2) Modifications to the existing pay structures will be examined by County Administrator and by the Board and appropriate committees.
- (3) Employee compensation should be based on paying them at a market rate-not above-nor below-the market rate.
- (4) Performance evaluation will be utilized to ascertain differences in pay increases between employees.

(8) **EXPENDITURES**

- (a) All departments of Marinette County should continue to operate within their approved 2017 budget. The Marinette County Finance Committee and the Marinette County Board of Supervisors shall authorize any transfers from the contingency fund for departmental budget shortfalls as individually determined on a case-by-case basis.
- (b) General expenditures and outlay Increases will be considered if the department can meet its overall departmental tax levy goal as defined by the County Administrator. If it becomes necessary to request additional funds above the departments/agencies 2017 operational budget, documentation and justification for such increases shall be presented to the County Administrator for consideration during the budget process. However, all departments must know that any increase in their budget for 2017 must be offset by decreases in other areas of the budget
- (c) Any additional employee positions created beyond those already approved will need to be able to demonstrate an extraordinary need or an attendant reduction in a department budget elsewhere to finance the additional employee position. In the past year I have authorized no full time permanent positions that were not paid for by a revenue stream or from offsetting cuts in other parts of the department budget.

(9) **COMPLIANCE WITH BUDGET PROCEDURES**

- (a) All county departments/agencies 2017 budget requests shall be prepared and submitted in accordance with the 2017 budget schedule.
- (b) Failure to provide the information in the required format or follow an identified deadline will result in the department's 2017 budget remaining as the actual 2016 budget unless adjusted by the County Administrator and Finance Director.

(10) **2017 BUDGET ADOPTION**

Pursuant to State law the County Administrator shall submit the 2017 budget and message to the County Board for their consideration and adoption in accordance with the budget schedule.

(11) **COUNTY OPERATING TAX LEVY FOR THE YEAR 2016**

The county's operating tax levy for 2016 was set at \$15,297,639 which was an increase of \$107,848 over 2015. Marinette County's net new construction growth for the 2016 budget was .71 percent. Considering prior year growth rates, we are anticipating the allowable 2017 levy increase will be around the 1.00 percent level. This will allow for an operating tax levy increase of \$152,976 for a total operating levy of approximately \$15,450,615.

As a result of the Capital Improvement Plan approved in 2015 and included in the 2016 budget, the County implemented a debt service levy to meet its debt service requirements. The County's debt service levy for the 2016 budget was set at \$878,276 or \$.251 per \$1,000 of value.

Currently, the County is generating above average timber sales and has been able to reduce costs in other areas. However, after two record setting years Marinette County does not expect to set a new record for timber sales and anticipates a moderate decrease from last year's sale of timber.

## 2017 BUDGET SCHEDULE DOCUMENT - DRAFT

April 1, 2016	Distribution to department heads of the Five Year Capital Improvement (CIP) documents for completion.
April 22, 2016	CIP documents completed and referred to Administrator for approval.
May 2016	Department heads place their CIP requests on their committee of jurisdiction agendas. The Finance Committee will consider funding alternatives for the CIP.
June 2016	Budget Policy to Finance Committee for review and recommendation to County Board. Upon committee approval, CIP placed on Finance agenda for approval prior to County Board approval.
June 28, 2016	County Board approval of Department CIP Requests. County Board approval of the Finance Committee recommendation of the Budget Policy. The County Administrator will formulate budget guidelines for use by departments and agencies in preparation of the county's fiscal year budget for 2017.
July 1, 2016	Administration will send letters to non-departmental agencies.
July 11-14, 2016	Initial meeting dates for the Highway, Sheriff, and Health and Human Service Departments to discuss needs with County Administrator.
August 1, 2016	Departments shall begin keying budget requests into financial software.
August 12, 2016	Last day for department heads and/or staff to key in departmental budget requests into the computer system. All funding requests shall be in accordance with the budget policy/guidelines established by the County Board and County Administrator.
August 15- 26, 2016	Department heads, along with other pertinent department staff shall meet with the County Administrator and Finance Director to present and review their 2017 budget request.
September, 2016	Department Heads share their budgets with their Committee of Jurisdiction.
September, 2016	County Administration to make any final adjustments to the over-all 2017 county budget.
September 20, 2016	County Board consideration of proposed <b>2017 User Fee Schedules</b> .
September 29, 2016	Finance Committee to conduct budget hearings on the 2017 county budget. Executive Committee is present to provide input.
October 19, 2016*	Official publication of the proposed 2017 county budget as required by Wis. Stat (65.90) (4).
October 25, 2016	County Administrator's submittal and budget message to the County Board.
November 8, 2016	Budget public hearing and adoption of the 2017 county budget by the County Board of Supervisors.

\*Not less than 15 days before public hearing.