

Minutes of the Finance Committee

Wednesday, October 7, 2015

Vice Chair Nelson called the meeting to order at 8:20 a.m.

Present: Supervisors Larry Nelson, Duane Paulson, Richard Morris, Bill Zaborowski, Eric Highum, and Steve Whittow. Chair Jim Heinrich arrived at 8:21 a.m.

Also Present: Chief of Staff Mark Mader, Karen Pilarski of The *Freeman*, Accounting Services Manager Larry Dahl, Collections/Business Services Manager Andy Thelke, Budget Specialist Bill Duckwitz, Information Systems Manager Mike Biagioli, Administration Director Norm Cummings, Budget Manager Linda Witkowski, Human Resources Manager Jim Richter, Senior Financial Analyst Linda Hein, Risk/Purchasing Manager Laura Stauffer. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of Previous Meeting(s)

MOTION: Paulson moved, second by Zaborowski to approve the minutes of September 16. Motion carried 6-0.

Schedule Next Meeting Dates

- October 13 and 14

Heinrich arrived at 8:21 a.m.

Chair's Executive Committee Reports of September 28 & October 5

Heinrich highlighted the following items from the last two Executive Committee meetings.

- Approved 2016 Non-Departmental, UW-Extension, and Federated Library System budgets.
- Reviewed the courthouse project and some parks projects.
- Heard an update on the County Board Office budget including staff changes.

2016 Budget Overview and Five-Year Financial Forecast

Cummings, Witkowski, and Duckwitz were present to discuss this item. Copies of "Five-Year Financial Forecast 2016-2020" prepared by Administration staff were distributed and included information on long term strategic financial planning, internal and external forecasts, operating expenditure projections, revenue sources per department, and funding shortfall projections.

Regarding the external forecast, Cummings said we can expect a continued moderate economic recovery. Low interest rates are expected to continue. The investment income budget was reduced by \$200,000 in the 2016 budget (after being reduced \$800,000 in the 2015 budget). High interest rates are expected beginning in 2016. However, because of slow portfolio turnover, significant higher earnings will not be realized until 2017. Moderate inflation for the short-term is around 2% but higher for the long-term. Many federal and state revenue sources are expected to remain flat in 2016 through 2020.

Regarding the internal forecast, Cummings said salary costs will increase 1.8% in 2016 and between 2.7% and 2.8% in 2017 through 2020. Budgeted salary increases for 2016 totals 0.9% including all position changes (net reduction of 9.35 regular full-time equivalent positions) which can include offsetting revenues, therefore, affecting the tax levy less. Health insurance is expected to increase 2% in 2016, 3% in 2017, 4% in 2018, and 5% in 2019 and 2020. This is lower than medical inflation (typically 7-9% annually) based on cost savings from the shared onsite health clinic. Budgeted health insurance increases for 2016 total 0.7%, largely from unfunded positions and health plan changes. The Debt Service Plan includes \$11 million issued annually for capital budgets 2016 through 2017, increasing to \$15-\$16 million annually in 2018-2020 to correspond with the construction of new courtroom facilities. The first stage of the courtroom project is \$36.4 million in 2017 through 2020. The Debt Service Plan in the 2016 budget is updated to assume \$12 million in 2016, \$15 million in 2018 and \$17 million in 2020. Cummings discussed funding shortfall projections and the benefit of closing funding gaps as soon as possible. This allows staff to better manage budget shortfalls in future years.

Discuss and Consider the 2016 Operating Budget for the Department of Administration

Cummings, Thelke, Biagioli, and Stauffer discussed the 2016 operating budget for the Department of Administration including the financial and positions summaries, current capital projects, strategic outcomes and objectives, program highlights, and activity data. Total all funds, revenues are budgeted at \$12,906,331 – an increase of \$248,524 or 2.0% from the adopted 2015 budget. The County tax levy is budgeted at \$4,665,954 – a decrease of \$24,900 or 0.5%. Expenditures total \$17,543,931 – an increase of \$175,163 or 1.0%. The positions summary showed a decrease of 3.35 for a total of 99.68 full-time equivalent positions. No major concerns were voiced pertaining to this budget.

MOTION: Whittow moved, second by Highum to tentatively approve the 2016 operating budget for the Department of Administration. Motion carried 7-0.

MOTION: Paulson moved, second by Whittow to adjourn at 10:15 a.m. Motion carried 7-0.

Respectfully submitted,

William J. Zaborowski
Secretary