

Richland County Finance and Personnel Committee

Agenda Item Cover

Agenda Item Name: 2021 Budget Process and Guidance

Department	Administration	Presented By:	Clinton Langreck
Date of Meeting:	2 July 2020	Action Needed:	Vote
Disclosure:	Open	Authority:	Committee Structure D
Date submitted:	2 July 2020	Referred by:	None

Recommendation and/or action language: *(summarize action/s sought by committee, e.g. present a resolution, present an ordinance, receive and file information, approve expense or grant, etc.)*

Recommend a motion, "to approve:

- 1) 2021 Budget Timeline,
 - 2) 2021 Budget Objectives and Guidance, and
 - 3) 2021 Budget Packet Documents (Budget Summary Cover and Capital Planning Worksheet).
- ...and for Richland County to utilize in the preparation of the 2021 Budget.

Background: *(preferred one page or less with focus on options and decision points)*

In preparation for the 2021 budget, the attached materials are submitted to the Finance and Personnel Committee for review and approval. It is the Administrator's intentions to provide effective direction in the budget process and to begin a capital improvement program.

The vision and changes for the 2021 budget process includes:

1. A three phase approach: 1) preliminary, 2) review, and 3) hearing and finalization
2. Introduction of the Administrator Review
3. Introduction of Department Budget Summary Covers
4. Introduction of standardized Capital Improvement and Capital Improvement Planning
5. Intentions of exploring and possibly recommending annual reoccurring loan funding

It is the intentions of the Administrator to work with the Finance and Personnel Committee and Departments in solving the many budget problems currently facing the county and to arrive at a collaborative solution.

Please reference the attachments for further information.

Attachments and References:

2021 Budget Timeline	2021 Budget Objectives and Guidance
2021 Department Budget Summary Cover	2021 Dept. Capital Improvement/Outlay W/S

Richland County Finance and Personnel Committee

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Financial Review:

(please check one)

<input type="checkbox"/>	In adopted budget	Fund Number	
<input type="checkbox"/>	Apportionment needed	Requested Fund Number	
<input type="checkbox"/>	Other funding Source		
<input type="checkbox"/>	No financial impact		

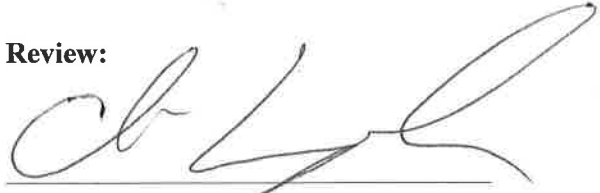
(summary of current and future impacts)

-TBD, but balanced.

Approval:

Department Head

Review:



Administrator, or Elected Office (if applicable)

2021 Budget Objectives and Guidance

Budget Objectives:

The Richland County Administrator and the Finance and Personnel Committee are committed to a countywide 2021 budget that will meet the following objectives:

Levy:

- Meet the operating levy limit as imposed by the State of Wisconsin

Services:

- Within operating levy limit, protect the effective delivery of essential services and protections
- To the greatest extent possible, maintain current discretionary services provided directly by the county and/or through partnerships

Response to COVID-19 Impacts:

- Absorb 2020 revenue and expenditure impacts resulting from the pandemic
- Account for 2021 revenue and expenditure impacts resulting from the pandemic

Wages and Benefits:

- Meet projected increases and adjustments in health insurance premium costs and fringe benefits
- Evaluate and consider incremental adjusts in employee wages to progress towards the goal of obtaining market value as determined through 2018 study, Resolution 19 - 89

New Equipment:

- Reintroduce new equipment expenditures to department budgets that were absorbed by loan funding in the 2020 budget for new equipment under \$5,000

Capital Improvements and Capital Outlays:

- Within the operating levy limit, maintain the county's infrastructure to ensure that future boards do not have to react to aging and broken systems causing frequent sharp rises in property tax levy and rate
- Investigate annual short-term loan financing for a capital improvements and capital outlay program that identifies and prioritizes projects and equipment over \$5,000

Preservation of Undesignated General Fund:

- Strive to build and maintain an appropriate minimum undesignated general fund balance according to Resolution 15 - 98

To place context to the current budgeting objectives, the next section provides a brief summary of the 2020 Richland County Budget and unforeseen impacts on the 2021 Budget.

RICHLAND COUNTY

Office of Clinton Langreck, County Administrator

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2020 Richland County Budget Summary:

2020 Budget (Expenses)	\$32,555,314	(an increase of \$2,947,388)
2020 Budget (Revenue)	\$23,701,356	(an increase of \$2,840,125)
Tax Levy	\$8,853,957	(an increase of \$107,263)
General Fund Applied	\$137,691	
General Fund as of Dec 2018	\$3,928,702	(an increase of \$507,459 from 2017)

2019 Budget Included:

- 1.5% increase in health insurance
- 2% increase in wages
- Funding for County Administrator
- Funding for an Economic Development Position with 40% of funding from City
- \$200,000 contribution from Pine Valley for Contingency Fund
- Additional Pay Period costing \$124,000
- \$2,965,500 Capital Improvement Loan Funding

2020 Estimated Impacts from the COVID – 19 pandemic and other unforeseen expenses:

		Expenditure		
Departments:	Item:	Revenue Impacts:	Impacts:	Grant / Funding:
Treasurers Revenues:	Sales Tax - Loss of 14.1% Forward analytics	\$ (178,126.00)		
	Interest on Investments - dropping	\$ (100,000.00)		
	Real Estate Tax Collections - Delinquency	\$ (215,000.00)		
	Shared Revenue (no indication of changes)	\$ -		
Ambulance Services / Emergency	Personnel Increase in response to COVID-19		\$ 6,000.00	\$ 6,000.00
Circuit Court:	Open position for several months		\$ (9,000.00)	
County Clerk's Office	Absentee/ Mail Voting		\$ 30,000.00	
Extension Office	Furlough Return on State Employees		\$ (700.00)	
Fair & Recycling	Cancelled Fair	\$ (89,000.00)	\$ (79,000.00)	
Health & Human Services	Chat 50 + 51 placement over (200k carry from '19)		\$ 600,000.00	\$ 300,000.00
	Public Health Add Staff and Overtime		\$ 20,000.00	\$ 50,000.00
Land Conservation	Rental Space (lease with building)		\$ 11,112.00	
	Overage on water samples (at 100 samples)		\$ 700.00	
Register of Deeds	Fees (refinancing and B-certs for Drivers L)	\$ 20,000.00		
Symons Recreation Complex	Lost Rev. COVID-19 Restrictions / share with city	\$ (70,000.00)		\$ 35,000.00
	No fill on Asst. Director through end of 2020		\$ (30,000.00)	
UW Food Services	Lost Rev. with classes out	\$ (50,000.00)		
		\$ (682,126.00)	\$ 549,112.00	\$ 391,000.00
		2020 Gap on Levy:	\$ (840,238.00)	
		Expenditure		
Departments:	Item:	Revenue Impacts:	Impacts:	Grant / Funding:
Pine Valley Community Village	Low Census in first half of year	\$ -		
	Stimulus	\$ 429,000.00		
	Cares Act			\$ 50,000.00
		\$ 429,000.00	\$ -	\$ 50,000.00
		Captured Rev.:	\$ 479,000.00	

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Budget Guidance and Instructions:

The following guidance is provided by the County Administrator with approval of the Finance and Personnel Committee.

Operations and Salaries Budgeting:

The department heads are instructed to draft preliminary budgets with a 0% increase in levy use, from salaries, fringes, contracts, operations, without consideration for capital outlay as follows:

<u>Department:</u>	<u>% Increase / Decrease of Levy</u>
County Administrator	0%
Ambulance Services / Emergency Management:	0%
Child Support:	0%
Circuit Court:	0%
Coroner:	0%
Corporation Counsel	0%
County Clerk's Office	0%
District Attorney's Office	0%
UW Extension Office	0%
Fair & Recycling	0%
Health & Human Services	0%
Highway	0%
Land Conservation	0%
MIS	0%
Pine Valley Community Village	0%
Register in Probate	0%
Register of Deeds	0%
Sheriff's Department	0%
Symons Recreation Complex	0%
Treasurer's Office	0%
UW Food Services	0%
Veteran's Services	0%
Zoning	0%

If a 0% levy increase requires reduction in service/staff hours, then please budget and plan with those reductions. Waivers to exceed the 0% guidance may be addressed through the review process with the Administrator.

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Wage Step Increases: Preliminary budgets will be prepared with no wage/step increase in effect for 01/01/2021. If through the review process funds are identified as available, increases may be considered and implemented.

Health Insurance: Preliminary budgets will be prepared with a 0% increase: Wallace Cooper and Elliot are working with Quartz on a renewal. The county's experience history and market factors will have impacts of which are unknown at this time.

FICA — 2021: Preliminary budgets will be prepared with 2020 FICA rates. This may be adjusted during the review phase when numbers are confirmed.

Wisconsin Retirement System – 2021 Rates:

Employer Selection: 0038-000 RICHLAND COUNTY

Display

Clear Form

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Employer Name RICHLAND COUNTY

Employer Number 0038-000

General						
Calendar Year	Employee Required	Benefit Adjust	Employer Required	Prior Service	Duty Disability	Sick Leave
2020	6.75	0.00	6.75	0.00	0.00	0.00
2021	6.75	0.00	6.75	0.00	0.00	0.00

Elected Officials, Judges, State Executive Pay Plan						
Calendar Year	Employee Required	Benefit Adjust	Employer Required	Prior Service	Duty Disability	Sick Leave
2020	6.75	0.00	6.75	0.00	0.00	0.00
2021	6.75	0.00	6.75	0.00	0.00	0.00

Protective with Social Security						
Calendar Year	Employee Required	Benefit Adjust	Employer Required	Prior Service	Duty Disability	Sick Leave
2020	6.75	0.00	11.65	0.00	0.09	0.00
2021	6.75	0.00	11.75	0.00	0.09	0.00

Capital Improvements / Capital Outlay Budgeting:

All capital assets (\$5,000 or more) will be considered separately from the other expenditures and collectively within the county. Please use the provided Capital Improvement Capital Outlay planning spread sheets to submit your planning requests. Annual short-term loan financing is being explored to possibly help the county in engaging in needed capital improvements and capital investments. These expenditures will be accounted for in a separate fund (exception: Pine Valley and Highway will include capital projects and equipment in their budgets, but will submit a capital planning worksheet for tracking).

Budget Packet:

The 2020 Richland County Budget Packet will include the following items:

1. Budget Work Sheets (as distributed by the Clerk's Office) [Exception: Pine Valley and Highway]
2. Department Budget Cover Summary
3. Capital Improvement Planning Worksheet
4. (Supporting narrative / financial documents)

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Please be advised that amendments to these documents may be needed as we progress from preliminary, to reviewed and finalized budgets.

Consideration Factors in Allocations and Continued Services:

- The Administrator and Finance and Personnel Committee will be evaluating what you are doing to reduce expenses, and if you have lost revenues what actions you are taking to reduce the corresponding expenses.
- There may be impacts and changes in guidance once the 2019 audit report and closing are completed.
- There are several unknown financial variables in place including: health insurance, revenue impacts from COVID-19, grant recoupment, and potential future relief from the federal government. All of these unknown factors will have to be accounted for with estimates and amended when more solid projections arrive.

Packet Instructions:

Preliminary Phase:

The intentions of the preliminary budget phase are to: 1) identify capital improvement and capital outlay projects, 2) gauge departments' abilities to provide services within guidance limits, and 3) lay groundwork for adjustments as unknown financial factors (audit close, health insurance, future revenue projections, etc.) materialize.

Departments will complete Budget Worksheets as has been performed in past years. Budget Worksheets will be distributed in PDF format from the Clerk's Office. In addition, the Departments will complete the Department Budget Summary document intended to give a brief overview of department expenditures, revenues and funding sources. This document in Microsoft Excel Spreadsheet format will be submitted to departments electronically.

Departments will also complete the Department Capital Improvement / Capital Outlay Plan intended to capture capital projects or equipment costing over \$5,000. This document is also in Microsoft Excel Spreadsheet format and will be submitted to departments electronically.

Departments without capital Improvements or Capital Outlays are asked to complete and submit the form as part of their budget packet. Supporting narratives and financial documents that help illustrate a departments budget and future planning are welcomed and may be submitted with the packet for review. All packets will be submitted to the County Clerk's Office in accordance with the budget timeline.

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Review Phase:

The intensions of the review phase are to: 1) prioritize capital improvement and capital outlay projects across the county, 2) prioritize department services and operation allocations, 3) approve a health insurance renewal, 4) approve loan funding, and 5) adjust budgets for projected financial factors including: audit close, health insurance, future revenue projections, service adjustments, etc.

Departments will meet with the County Administrator to review budgets. Health insurance proposals will be considered. Loan funding options for capital improvements and capital outlays will be considered. Department services prioritization will be identified and possible reductions and/or increases to services will be considered. Budget adjustments from the review with the Administrator will be submitted to the County Clerk in revised packets in accordance with the budget timeline.

Hearings and Finalized Budget Phase:

The intensions of the hearings and finalization phase are to: 1) present the reviewed plans to supervisory committees, 2) present the reviewed plans to the Finance and Personnel Committee for approval and recommendation, and 3) present to the County Board for adoption. Any changes to reviewed budgets would come from action by the Finance and Personnel Committee. Any changes by the Finance and Personnel Committee will be submitted to the County Clerk's office by the impacted departments in a timely manner.

Closing Remarks:

This will be a new approach for Richland County budgeting. With several major financial factors still unknown, apportionments and plans may adjust several times throughout the process before we arrive at a final resolution to take to the County Board. Our goal through this process is to adhere to the established budget objectives and continue to meet the service needs of the community.

————Nothing Follows————

Clinton Langreck
Richland County — Administrator

RICHLAND COUNTY 2021 DEPARTMENT BUDGET SUMMARY

DEPARTMENT: _____

Department / Program Description:

ACCOUNT ORG #(S):

Human Resources Expenditures:

Number of Employees

	<u>Actual 2019</u>	<u>Estimated 2020</u>	<u>Budget 2021</u>
Full Time			
Part Time			

SALARIES AND BENEFITS

	<u>Actual thru 6/30/20</u>	<u>Budget 2020</u>	<u>Budget 2021</u>
Salaries (including steps, differentials, PTO payout, etc.)			
Overtime			
FICA			
WRS (Wisconsin Retirement)			
Health Insurance			
TOTAL:	\$0.00	\$0.00	\$0.00

Other Department Expenditures:

	<u>Actual thru 6/30/20</u>	<u>Budget 2020</u>	<u>Budget 2021</u>
TOTAL SALARIES & FRINGES (FROM ABOVE)	\$0.00	\$0.00	\$0.00
CONTRACT (all services and maintenances.)			
OPERATIONS (all other expenses)			
CAPITAL OUTLAY Assets over \$5,000			
TOTAL EXPENDITURES (Should equal Exp. Budget W/S)	\$0.00	\$0.00	\$0.00

Continued on next page

Budget Comparison Data:

Expenditure dollars less capital outlay for 2021	\$0.00
Expenditure dollars less capital outlay for 2020	\$0.00
Expenditure difference between the years without capital assets	\$0.00
Percentage of expenditures difference	#DIV/0!
Difference in levy between the two years	\$0.00
Percentage difference in levy between the two years	#DIV/0!
Percentage of current levy to expenditures	#DIV/0!

Revenues:

	<u>Actual thru 6/30/20</u>	<u>Budget 2020</u>	<u>Budget 2021</u>
LEVY	\$0.00	\$0.00	\$0.00
FED/STATE			
LOCAL			
OTHER			
FUND BALANCE USED			
TOTAL REVENUE (Should equal Rev. Budget W/S)	\$0.00	\$0.00	\$0.00

Example: Department [Name] Capital Improvement / Capital Outlay Plan

		REVENUE SOURCES					
		TOTAL	TAX LEVY	G.O. DEBT	FOUNDATION/ PARTNERSHIP FUNDED	FED OR STATE GOVERNMENT /GRANTS	SERVICE FEES / OTHER
2021 Projects & Equipment							
A	Broadband Loop Phase 1	\$ 500,000	\$ 100,000			\$ 400,000	
	Subtotal	\$ 500,000	\$ 100,000	\$ -	\$ -	\$ 400,000	\$ -
2022 Projects & Equipment							
A	Broadband Loop Phase 2	\$ 750,000	\$ 250,000			\$ 500,000	
B	HVAC Courthouse	\$ 100,000		\$ 100,000			
C	Economic Development Services Study	\$ 30,000	\$ 5,000			\$ 25,000	
	Subtotal	\$ 880,000	\$ 255,000	\$ 100,000	\$ -	\$ 525,000	\$ -
2023 Projects & Equipment							
A	Broadband Loop Phase 3	\$ 250,000	\$ 250,000				
	Subtotal	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
2024 Projects & Equipment							
D	Courthouse Renovation Study	\$ 20,000	\$ 20,000				
	Subtotal	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -
2025 Projects & Equipment							
E	New Vehicle	\$ 20,000	\$ 20,000				
	Subtotal	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Future Project Requests							
F	New Building Study	\$ 20,000	\$ 20,000				
B	New Building	\$ 18,000,000		\$ 18,000,000			
	Subtotal	\$ 18,020,000	\$ 20,000	\$ 18,000,000	\$ -	\$ -	\$ -

2021 Budget Timeline

Phase 1: Preliminary Budget

- 7/7/2020 Finance and Personnel Committee — approves: 1) budget timeline, 2) budget packet, 3) budget objectives and 4) budget guidance
- 7/8/20 Administrator — distributes copies of the budget timeline, packet documents and budgeting guidance to all departments and County funded organizations
- 7/9/20 Administrator — Conducts a department head meeting to discuss 2021 budget
- 7/9/20 – 7/10/20 County Clerk's Office — distributes department revenue and expenditure budget worksheets to department heads
- 7/23/20 **Departments — submit their completed 2021 `proposed budget documents to the County Clerk's Office**
- 7/29- 8/3/20 County Clerk's Office — enters the budget numbers and summarizes the budget information for Administrator, Department Heads and the Finance and Personnel Committee (8/4/2020)
- 8/4/2020 Administrator — presents preliminary budget to the Finance and Personnel Committee

Phase 2: Budget Review

- 8/20/20 Health insurance information is released. County Administrator & Department Heads meet as a group to discuss the preliminary 2021 budget, health insurance rates, loan funding and adjustment to the pay plan (if any)
- 8/5 – 8/26/20 Administrator — meets with departments “as needed” to review and adjust preliminary budgets
- 09/01/20 **Administrator — presents reviewed budgets to Finance and Personnel. Health insurance information (rates) presented to the committee, final recommendation on market adjustment to the pay plan matrix beginning 1/1/21 (if any). Personnel Committee is presented with loan funding options**
- 9/02- 9/08/20 County Clerk's Office and department staff — rework budgets to adjust for review changes in health insurance changes, pay plan, loan funding etc.

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Phase 3: Hearings and Finalized Budget

- 9/15/20 County Administrator — presents the reviewed budget summary with health insurance recommendation, loan financing recommendation and proposed market adjustments (if any) to the county Board
- 9/02 – 09/25/20 Departments — present reviewed budgets to their supervisory committee
- 09/29/20 Administrator —presents finalized budget proposal to the Finance and Personnel Committee**
- 10/02/20 County Clerk's Office compiles the budget information to be published in the October 8th edition of the Richland Observer
- 10/02/20 County Clerk's Office — publishes 2021 proposed budget and levy information in the official newspaper (Richland Observer)
- 10/27/20 Administrator – presents the finalized budget and levy to the County Board for public hearing and adoption
- 11/14/20 County Clerk — submits the PC-400 State and County Apportionment Form
- Dec/20 County Clerk's Office files the County Tax Levy worksheet with the Department of Revenue (this is due 12/15/2020)

After the October 27th meeting, the County Clerk's Office prepares the final 2021 budget documents, distributes it to County Departments and has the MIS Department put the document on the Richland County website.

Throughout the budget process as new information is generated, additional changes will be made to the proposed 2021 budget documents. Audit information, Net New Construction, anticipated grant revenues, sales tax projections, state shared revenue, utility payments, and general transportation aids all impact the budget and are all numbers generated throughout the process.

In future considerations, I am anticipating having a strategic plan in place for the County by early 2021 and incorporating a capital improvement planning period in May and June of 2021 prior to the beginning of the 2022 operations budget process.

Clinton Langreck
Administrator — Richland County