



BARRON COUNTY
DEPARTMENT OF ADMINISTRATION

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DATE: September 30th, 2011
TO: Barron County Board of Supervisors
FROM: Jeff French, County Administrator *J.F.*
SUBJECT: 2012 Budget Highlights

This memo is meant to provide a high-level synopsis and review of the 2012 Barron County Budget along with sharing some concerns.

#1. Tax Levy:

The 2012 September proposed budget includes a 3.51% increase in the tax levy, \$605,192, in real dollars, the result of which is a \$4.99 total mill rate. This compares to an average mill rate of \$4.94 for the period 1995 to 2011. However, the equalized valuation of Barron County has dropped \$255 million or 6.5% from its' peak of \$ 3.88B in 2008. If the equalized value of the County had remained constant the proposed 2012 mill rate would be \$4.60.

The proposed budget includes an increase of \$3.50 in the recycling fee from \$6.50 to \$10.00 and a \$5.00 per ton increase in the Waste-to-Energy, (WTE), Fee Schedule. WTE has not raised tipping fees since 2010 and the recycling charge has remained fairly constant since 2005.

An historical perspective on mill rates:

<u>Year:</u>	<u>County Mill Rate:</u>
1953	\$9.34
1963	\$9.75
1967	\$13.14
1972	\$7.98
1983	\$4.44

#2. Personnel:

The 2012 Budget includes no requests for additional personnel and in-fact it contains a reduction of four FTE's. Since 2004 45.75 FTE positions have been eliminated, approximately 18.3%, of the workforce based on 250 total FTE's, (61.25 gross positions eliminated, 6.5 new levy positions, 9 with grant funding).

Built into the contingency fund is a 2.61%, (20 year average of CPI), Across-the-Board, (ATB) pay raise for all existing County staff. With no cost-of-living increase, on average, County employees will earn 6.95% less in 2012 than in 2011. With a 2.61% (ATB) wage increase County staff will,

again, on average, earn 4.34% *less* (6.95-2.61) 2011 versus 2012. Even with a potential pay raise the 2012 budget contains a \$391,466 reduction in employee wage and benefit costs, representing a decrease of 2.9% from the 2010 gross payroll of \$13,491,377.

#3. Purchased Services:

Purchased Services are primarily concentrated in Health and Human Services and are budgeted at \$5,417,456 down \$806,972. These cost savings are primarily realized from consolidating services with the State.

#4. Indirect Costs:

Indirect costs are those costs allowable under Federal reimbursement guidelines which permit Barron County to bill Federal and State programs and have fallen \$259,622.

#5. Capital Improvements Capital Outlay (CICOP):

There was \$1.6M of CICOP requests funded with \$ 450,000 of tax levy, essentially meaning that we are underfunding this program by \$1.15M. I would recommend we give consideration to using the one-time savings in health insurance costs and allocate more dollars to the CICOP program.

#6. Multi-year Budgeting:

The proposed resolution to establish Self-funding of Health Insurance and corresponding reserve funds for roof replacement and building improvements is meant to allow time for the Board to choose an appropriate path to fund each of these expenditures. Second, this is the first time we have saved any dollars on health insurance, without changing carriers, and the national average increase in health care is 10% for this year.

#7. Concerns:

- A. The State imposed hard levy freeze is a genuine concern as it limits most municipalities from having the option to change or modify the levy for any reason. *Careful attention needs to be paid to this concept because operating costs will rise regardless of employee wage and benefit concessions. The impact is no change to the levy in the future.*
- B. Assembly Bill 262 and companion Senate Bill 182; my understanding is this bill shifts the taxing authority of permits and licenses, (billboards), from the definition of real property. What this means, in a practical sense, is billboards will no longer be taxed as real property and the result is a shift in the property tax burden to residential property.
- C. Discussions at the State level to require a referendum by Counties before being able to implement a wheel tax.
- D. The Assembly Energy and Utilities Committee are holding public hearings to exempt from sales taxes all electric and natural gas charges for the entire year. Currently, it is only for the period of November to April that Sales Taxes are exempted. If this change is approved the State and County will receive less Sales Tax revenue.

In conclusion, due to all of the above issues Barron County faces a very unique and yet critical juncture in its' financial position and abilities. The result of which is the opportunity to put in place a financial foundation which could impact the next generation of County residents. *Please consider this carefully in your budget deliberations.*