



WASECA COUNTY ADMINISTRATION

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December 06, 2016

To: Waseca County Board of Commissioners

From: Tim Madigan, Financial Consultant

Subject: 2017 County Tax Levy and Budget

The public hearing scheduled for the December 06 County Board meeting is one of the most important final steps in the County's budget and tax levy development process for 2017. This hearing, referred to as the "Truth in Taxation" hearing, is an opportunity to summarize for County residents and businesses the financial details in funding County services.

The budget and levy process also represents six months of hard work by the County Board and staff in creating a financial structure that will maximize County service delivery with a limited tax burden on County tax payers. The Board and staff should be given recognition for conducting this budget/levy process in the midst of a major flood disaster!

This preliminary budget/levy for 2017 is in harmony with the Waseca County Mission Statement:

The Mission of Waseca County is to effectively provide services for the health, safety and general welfare of the public. Waseca County believes it will fulfill its mission if it Strives to maintain:

- 1. Healthy, safe citizens*
- 2. Quality physical environment;*
- 3. Vital, prosperous community and economy;*
- 4. Efficient, effective, responsive government*

There are no new or major service levels changes proposed for 2017, but the budget contains staffing adjustments based on past Board commitments to meet staffing issues in some departments. Attached is a breakdown of major expenditure adjustments proposed in the 2017 Budget.

Two major financial unknowns and unbudgeted topics for 2017 is the County's liability for costs related to this Fall's flood. It will be a few months before all the costs are identified and information on State and Federal reimbursements is provided. The other topic is costs for possible land acquisitions, Courthouse remodeling and office space for County departments. In this case, there are both short term and long term cost issues that remain to be defined.

Here are a few budget and tax levy highlights for 2017:

- Levy – The Board adopted a preliminary tax levy on September 20 in the amount of \$14,573,905.80, an increase of 5.77% on the 2016 levy. The Board has the power to reduce this amount, but not increase it. A full breakdown of this levy and the expenditures based on it is attached. Staff did discuss with the Board the possibility of a lower levy, but that option did not include the most current MN Prairie cost. The preliminary levy does not account for potential County share of Flood costs nor the cost of purchasing property in and near the Courthouse Square.

The bond levy is increased from \$298,563 to \$402,412 due to the adjustment in bond schedule for Amor Radio Bond and the addition of the Old Highway 14 Bond.

- Expenditures – General Fund expenditures for 2017 have about a 4-5% increase, but varies by department. Some of the expense drivers are personnel, Courthouse exterior repairs, and MN Prairie costs, see attachment for more detailed breakdown.

There is an outstanding liability for retiree medical insurance costs which is not addressed in the budget due to the difficulty in predicting annual costs. It is an issue the Board may want look at allocating funds for in the 2018 Budget.

- Tax Base – The market and tax values for Waseca County are stable, with no major increases or decreases that would impact the County tax rate. Of course each property is unique in how the tax levy will affect their taxes based on valuation and classification.

Board Action

The County Board is required to open and hold the public hearing on the 2017 budget and tax levy. I will do a Power Point presentation at the start of the hearing to provide background information.

The Board needs to adopt the final tax levy resolution before December 28. It can be adopted after the public hearing at this meeting or at the Board meeting on December 20 or at a special duly noticed Board meeting.

The draft resolution in your packet does not contain a final tax levy number in order to allow the Board motion to set the final levy in the resolution. As noted earlier the Board can reduce the preliminary tax levy, but increase it.

I want to express my appreciation to Tammy Spooner, County Auditor/Treasurer, Amy Schauer, Deputy Auditor, and Erin Selvik, Executive Assistant, for their work and assistance in this budget/levy preparation process.

Waseca County

Budget Topics

Budgets with major expense adjustments

- Human/Social Services MN Prairie – 2016 \$2,198,000 – 2017 \$2,392,183
- Court Administrator – 2016 \$59,000 – 2017 \$79,000, due outside attorney fees which fluctuate from year to year depending on need.
- Public Health – 2016 \$202,127 – 2017 \$315,852 (net changes)– reflects full staffing for the department
- Veteran Services 2016 \$188,848 – 2017 \$207,0159 (net changes), due to staff changes, grant revenue transfer.
- Information Technology - 2016 \$626,940 – 2017 \$718,461, increase due to computer conversion in Public Health, e panick and HR software updates, plus increase in system backup storage
- Human Resources - 2017 \$141,611, new budget and full time position started in 2016, \$50,000 transferred from County Administrator budget to new HR budget for professional services.
- Building Fund 11 – 2016 \$100,000, 2017 \$200,000, increase due to Courthouse tuck pointing of exterior.
- Assessor – 2016 \$396,883 – 2017 \$425,943, due to training requirements and staffing change.
- Bonds - The bond levy is increased from \$298,563 to \$402,412 due to the adjustment in bond schedule for Amor Radio Bond and the addition of the Old Highway 14 bond.

12.05.16



2017 PRELIMINARY BUDGET

WASECA COUNTY

<i>FUND</i>	<i>EXPENDITURES</i>	<i>NON-LEVY REVENUE</i>	<i>2017 NET TAX LEVY</i>	<i>2016 NET TAX LEVY</i>	<i>% DIFFERENCE</i>
GENERAL FUND	\$ 10,999,504.50	\$ 3,017,584.20	\$ 7,981,920.30	\$ 7,579,899.00	5.30%
BUILDING	\$ 200,000.00	\$ -	\$ 200,000.00	\$ 100,000.00	100.00%
PUBLIC WORKS	\$ 8,916,075.00	\$ 5,318,685.00	\$ 3,597,390.00	\$ 3,602,071.00	-0.13%
HUMAN SERVICES	\$ 2,392,183.00	\$ -	\$ 2,392,183.00	\$ 2,198,000.00	8.83%
WASTE MANAGEMENT	\$ 757,349.00	\$ 757,349.00	\$ -	\$ -	0.00%
DEBT SERVICE	\$ 515,135.00	\$ 112,722.50	\$ 402,412.50	\$ 298,563.00	34.78%
DITCH	\$ 500,000.00	\$ 500,000.00	\$ -	\$ -	0.00%
TOTAL	\$ 24,280,246.50	\$ 9,706,340.70	\$ 14,573,905.80	\$ 13,778,533.00	5.77%

Waseca County

Tax Levy Data

12.06.16

2016 Levy =\$13,778,533

2017 Preliminary Levy adopted 09.20. Res. 2016-34:

\$14,573,905 - 5.77%> (1% = \$145,739)

General Fund Reserve

2013 = \$4,889,971,

2014 = \$6,382,795

2015 = \$6,779,501, 67.86% of expenses

MNPrairie 2017 Budget Major Topics

- Waseca County Levy Contribution: **2017** = \$2,392,183, **2016** = \$2,198,219, 8.82% increase of \$193,964
- MNPrairie total budget expenses for **2017** shows a small decrease = (.52%) due to stable personnel costs
- Total 2017 non-levy revenues show little change from 2016
- State shift in costs to counties is being absorbed
- No capital expense in **2017**
- In **2016** \$1.3+ million was budgeted to be used from the MNPrairie fund balance. About \$800,000 is now projected to be used in 2016.
- **2017** use of fund balance in budget at \$400,000, with a projected year end 2017 fund balance of \$5.1 million and a total budget expense of \$21.9 million. *Reduced use of fund balance is the main driver behind the levy increase.*

09.14.16

Resolution 2016 – 48

Resolution Approving the Final 2017 County Tax Levy

WHEREAS, in accordance with MS 275.065 the County Board on September 20, 2016 adopted a preliminary property tax levy and budget for 2017 in the amount of \$14,573,905.80, and

WHEREAS, MS 275.065 requires the County Board to adopt a final property tax levy and certify said levy to the State of Minnesota Department of Revenue; and

WHEREAS, MS 275.065 requires the County Board to conduct a public hearing prior to adopting a final property tax levy; and

WHEREAS, on December 06, 2016 at 6:30pm, the Waseca County Board conducted a public hearing on the preliminary tax levy and proposed 2017 Budget where testimony was taken; and

WHEREAS, the budget requests, revenue projections, levy data and needs of Waseca County have been duly considered, and

WHEREAS, the Waseca County Board of Commissioners finds said budget requires levies in the following amounts for debt service:

GO Capital Notes (2013A)	\$301,612.50
GO State Aid Road Bond (2015A)	\$100,800.00
Total	\$402,412.50

WHEREAS, the Waseca Board finds it necessary to levy for the following funds with the following amounts:

- General Fund
- Building fund
- Public Works Fund
- Human Services Fund

NOW THEREFORE BE IT RESOLVED, that the Waseca County Board of Commissioners approves and hereby adopts the following property tax Levy for 2017 in this sated amount:

\$ _____

BE IT FURTHER RESOLVED, that the Waseca County Auditor/Treasurer is hereby authorized and directed to apportion this levy on the tax rolls of the County of Waseca, and certify this levy to the Minnesota Department of Revenue as approved and adopted by the Waseca County Board of Commissioners.

Dated this 6th day of December, 2016

Attest

Tamara J. Spooner, Clerk
Waseca County Auditor/Treasurer

Chairperson
Waseca County Board of Commissioners