

Monroe County Board

2011-2012 Budget Issues

Still No Easy Answers

August 25, 2010

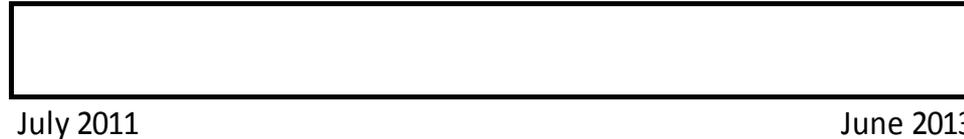
2011 Major Budget Challenges include:

- County Equalized Valuation: the County Mill Rate calculation is tied directly to countywide property valuations. Historically property valuations have steadily increased. Given the current economic climate that valuation growth trend is likely to slow measurably, level off, or even drop significantly.
- Last year Village of Warrens TID valuation of approx. \$90M was reduced by 45%. The subsequent sale of the recreational properties in the TID will likely result in an additional reduction in valuation. On the positive side, the sale of this property resulted in County recovery of delinquent taxes, will assist in stabilizing the decline in valuations and has triggered an increase in the sale of distressed residential properties adjacent to resort properties.
- State mandated levy increase limited to 3% in 2011. 2012? 2013?
- Per 1993 State mandated operating rate limit of 6.489512; Monroe County's operating rate was 5.4793 in 2010. With significant declines in valuation the County may bump up against this rate limit. 3% Levy Freeze is likely insufficient to meet rising costs, yet Rate Limit could force deep cuts by not permitting the utilization of the 3% Levy authority option.
- Next State Budget begins July 2011, yet County adopts Budget Nov 2010. Deficit over \$2.5B, includes loss of stimulus. No means to determine where new cuts will hit until New Governor takes office.

BUDGET TIMELINE DILEMMA: STATE & COUNTY FISCAL YEAR ARE DIFFERENT

State 2011-2013 Bienium

New Gov's
Budget Feb 2011



July 2011

June 2013

County 2011 Budget

County 2012 Budget

County 2013 Budget

County Board
Budget Nov. 2010



State Budget cuts likely to have
Greatest Impact in CY 2012 & 2013

**Remember: 35% of County Budget comes from Property Tax
5% from Solid Waste Revenues**

Remaining 60% from Fees & Charges or State & Federal Revenues

Future County Cuts should be tied to program area of the State/Fed Cut

Different Limits on County Tax Levy

3 Different Parts to Levy

Operating	\$ 13,722,423
Other	458,247
Debt	<u>902,013</u>
	\$15,082,683

3 Different parts of Tax Rate

Operating	5.48
Other	.18
Debt	<u>.36</u>
	6.02

1. Operating Levy is subject to a 3% Levy Freeze **or** 1992 Rate Limit, whichever is less
2. Other (i.e. Library) Levy is subject to a 3% Levy Freeze
3. Debt Levy is subject to cap on Total Debt = 5% of Equalized Value. $\$2,504,401,200 \times 5\% = \$125,220,060$

How does the Rate Limit work?

Our 1992 Operating Levy Rate = \$6.48

2010 Operating Levy ÷ by Equalized Value (EV) = \$5.48

If EV drops by -2% , and our levy rises by 3% we will hit the rate limit of \$6.48 in 2014, leaving zero available for 2015.

If EV drops by more, this leaves even less Levy Authority, problem compounds over time.

Note: EV change set by Dept of Revenue by end of August

Cost Drivers exceed Revenue Options for 2011

- Increased service demand, limited revenues, across the board cuts cannot work w/ smallest Departments
- Reductions in Federal/State Shared Revenue
- Reductions in State Aids –
 - >Human Services
 - >Highway
 - >Rolling Hills
 - >Others
 - >Health Department
 - >Senior Services
 - >Emergency Services
- Countywide Capital Needs
- Investment Interest, Fee and Sales Tax Revenue are down
- Wage & Benefits: No contract settlements for 2011, no change in binding arbitration law & pattern unclear among comparable Counties, but historical pattern exceeds Levy authority
- Health Insurance rates not established for 2011. Poor experience history continues to bode ill for next round of rate quotes. Insurance rate increase can use up all levy capacity leaving nothing for increased operational, capital or wage costs.

County Rankings in Rank Order Growth in Equalized Value

COUNTY	2009 EQUALIZED VALUE	2010 EQUALIZED VALUE	% CHANGE	RANK
Florence	\$584,067,500	\$590,167,900	1.04%	1
Wood	\$4,664,465,100	\$4,704,210,200	0.85%	2
Monroe	\$2,630,709,500	\$2,648,787,300	0.69%	3
Calumet	\$3,473,503,300	\$3,489,098,200	0.45%	4
Green Lake	\$2,538,208,100	\$2,548,055,700	0.39%	5
Chippewa	\$4,541,471,300	\$4,553,032,700	0.25%	6
Outagamie	\$13,487,310,900	\$13,514,350,100	0.20%	7
Trempealeau	\$1,790,669,100	\$1,794,082,400	0.19%	8
Buffalo	\$1,015,921,400	\$1,016,795,800	0.09%	9
Oconto	\$3,656,668,300	\$3,652,522,200	-0.11%	10
Menominee	\$318,208,600	\$317,620,600	-0.18%	11
Grant	\$2,810,879,300	\$2,802,563,500	-0.30%	12
Vernon	\$1,800,261,800	\$1,792,272,800	-0.44%	13
Jackson	\$1,446,288,600	\$1,439,319,700	-0.48%	14
La Crosse	\$7,978,271,000	\$7,935,455,900	-0.54%	15

Sobering State Budget Picture

lacrossetribune.com

> \$2.5B BUDGET SHORTFALL LOOMS IN WISCONSIN —

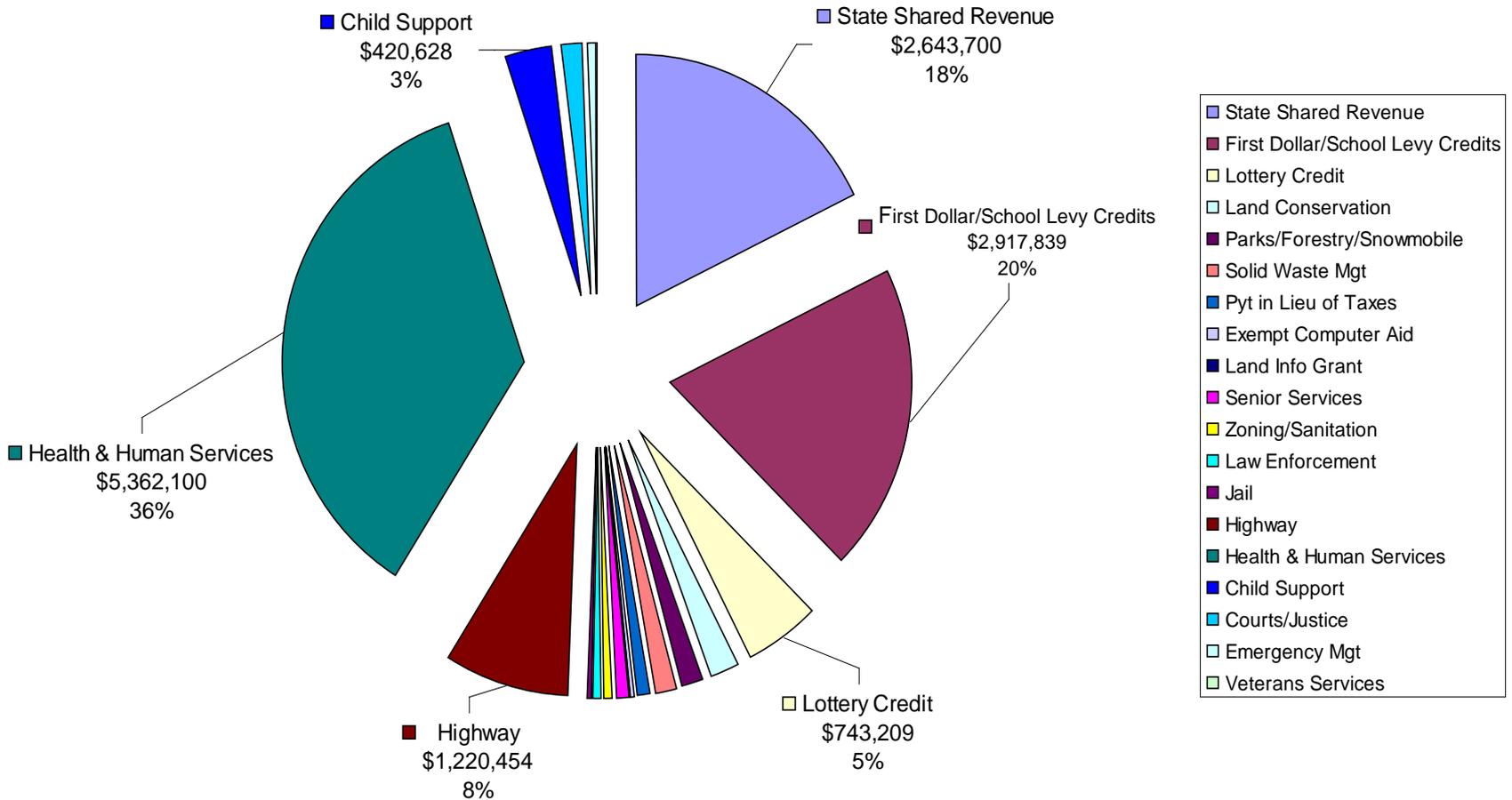
MADISON (AP) — Whoever is elected the next governor of Wisconsin will get sobering news just days after the election: a stack of plans by state agencies to slash spending.

The Legislature's top fiscal analyst warned Friday that the state will face a \$2.5 billion shortfall in the two-year budget that starts July 1, 2011. That means the next governor and Legislature will be required to make deep

spending and service cuts, pass fee and tax increases or do a combination of the two to balance the budget. Outgoing Gov. Jim Doyle ordered state agencies to continue holding open vacant positions and freezing com-

ensation for employees. He said they should develop their budget requests not expecting any increase in revenue, and develop plans to cut their core budgets by 10 percent by Nov. 8, only a few days after the election.

Monroe Co. 2009 State Revenue: \$14,816,170



Monroe County Budget Picture

- 2009 Expenditures: \$41,399,807
- 2009 Revenues: \$27,068,835*
- Levy Amount: \$14,411,285

- 2009 State Revenues* \$14,816,170

State Revenue = 55% of total 2009 Revenues

State Revenue exceeded amount levied by \$404,885

Monroe County Budget Picture

- 2010 **actual** State Revenues will likely well exceed the amount received in 2009 due to ARRA Funds received in 2010.
- Neither the County nor the State will have these funds to rely on moving forward into 2011 and beyond.

- Monroe Co. 2009 Valuation:
\$2,630,709,500
- Rank: 26th of 72 Counties
- Approx 1/3 of WI counties with lower valuation; 2/3 higher valuation
- \$14,816,170 = 2009 Monroe Co. State Aids
X 2 = est. \$29,632,340 over Biennium.
- \$29,632,340 ÷ \$2.5B = 1.2% of deficit amt
- \$29,632,340 x 72 Counties = \$2,133,528,500 ;
\$366,500,000 short of covering deficit over
biennium.

Monroe County Budget Picture

- Monroe County 2010 Valuation: \$2,648,487,300
- Equals .53% of total State Valuation of:
\$495,904,192,300

FYI: Total State Valuation decreased \$16 B in year 2010.

- .53% of \$2.5B deficit over 2 years = \$13,250,000
- \$6,625,000 in cuts annually – *where?*

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2010 Budget Development Timeline

- August 16th - Departmental Proposed Budgets Due to Administrator *(Exception: Large Dept. Budgets; Hwy, HS, RH, Sheriff/Jail)*
- Sept. 1 - Large Department Proposed Budgets Due to Administrator (Hwy, HS, RH, Sheriff/Jail)
- September – October – Administrator compiles budget; presents to Committees of jurisdiction. Update Finance Committee.
- October 12th - Finance Committee approves Administrators Budget for publication on October 18th.
- October 25, 26 & 27 – Finance Committee review and amend Administrators Proposed Budget.
- November 3rd – County Board Public Hearing to amend and adopt 2011 Monroe County Annual Budget.