

# 2017 Annual Budget & Levy

December 7<sup>th</sup>, 2016

Bruce Messelt  
County Administrator





# 2017 – Annual Budget & Levy

## Outline

- I. Overall County Financial Health
- II. 2017 - Annual Budget & Levy
- III. 2017 - Budget Considerations
- IV. 2017 – Budget Analytics
- V. Taxpayer Impacts & Information



# 2017 – Annual Budget & Levy

## I. Overall County Financial Health



# 2017 – Annual Budget & Levy

## *County Financing Basics*

- **Where does the County get its Money?**
  - Property Taxes
  - State Aids & Earnings
  - Grants (Federal, State, other agencies/orgs)
  - Charges for Services
  - Wheelage Tax
  - Local Option Sales Tax
- **Who Determines Budget Priorities?**
  - Federal Mandates
  - State Laws/Mandates
  - Agreements or Specific Program Requirements
  - County Board
  - Designated Agents



# 2017 – Annual Budget & Levy

## Where Do Tax Dollars Go?

	Income Taxes	Sales Taxes <sup>1</sup>	Property Taxes	Wheelage Tax
<b>Federal Gov't</b>	\$			
<b>State Gov't</b>	\$	\$	\$	
<b>County Gov't</b>		<i>Local Option – Road Projects <sup>2</sup></i>	\$	<i>Local Option – Roads &amp; Transit <sup>3</sup></i>
<b>School District</b>			\$	
<b>City/Township</b>		<i>If authorized by Charter/Legislature <sup>4</sup></i>	\$	<b>Local Option <sup>5</sup></b>

1. The State Legislature may authorize local sales tax (with or without direct approval of citizens)
2. County Local Option Sales Tax of up to ½ of 1% for Road Construction Project(s) (2013 Session Law - Chapter 117 Article 3)
3. County Wheelage Tax Option of \$10 per qualified vehicle for Roads & Transit (2013 Session Law - Chapter 117 Article 3)
4. Typically specific or special legislation, if/as requested by local governmental unit
5. Existing City Wheelage Tax option (MSS § 426.05)



# 2017 – Annual Budget & Levy

## *County Financial Report Card*

- “Unqualified” 2015 Audit Opinion - State Auditor
- Strong Financial Policies (updated 2011)
- Robust Fund Balances (2 of 3 Funds)
- Continuous Budgeting Process (12-24 mos.)
  - *Annual Operating Budget (APR – DEC)*
  - *Capital Improvement Plan (Annual project approval)*
- Strong County Bond Rating (AA+/AA – S&P)



# 2017 – Annual Budget & Levy

## *Long-Term Fiscal Challenges:*

### Fiscal Challenges

- **Levy-Dependent**
  - Slow Economic Growth
  - Other LGU Debt/Growth
- Changing Population
- Rising Costs
  - Fuel, Supplies
  - Personnel/Health Care
- Aging Infrastructure

### County Response

- Program Changes
  - **Personnel/Staffing**
  - Reduce/Rework
- **Grants/Fees/Reserves**
- Deferred Activities
  - Programs/Staffing
  - Maintenance/Capital
- Innovate/Collaborate



# 2017 – Annual Budget & Levy

## II. 2017 - Annual Budget & Levy



# 2017 – Annual Budget & Levy

## 2017 County Budget

- \$ 63.48 Million Balanced Budget
  - Consolidated all financial activities (includes all CPA/CIP)
  - Limited Use of Reserves & Non-Levy Revenues (fees)
- *Proposed Property Tax Levy Increase*
  - 3.3% increase in Levy
  - 8 Years with only 2 Levy Increases (2 years w/ decrease)
  - *Average annual Levy Increase less than 1% since 2009. (0.7%)*
- Addressing Major County Priorities
  - Public Safety – *Sheriff, County Attorney, Courts & Probation*
  - Health & Human Services – *Public Health, Adult, Children and Veterans Services, Aging & Disability Services, Mental Health Services, Support Services*
  - Public Works – *County Road & Bridge Projects and Annual Maintenance*



# 2017 – Annual Budget & Levy

## County Budget - Revenues

(2008 – 2017 est.)

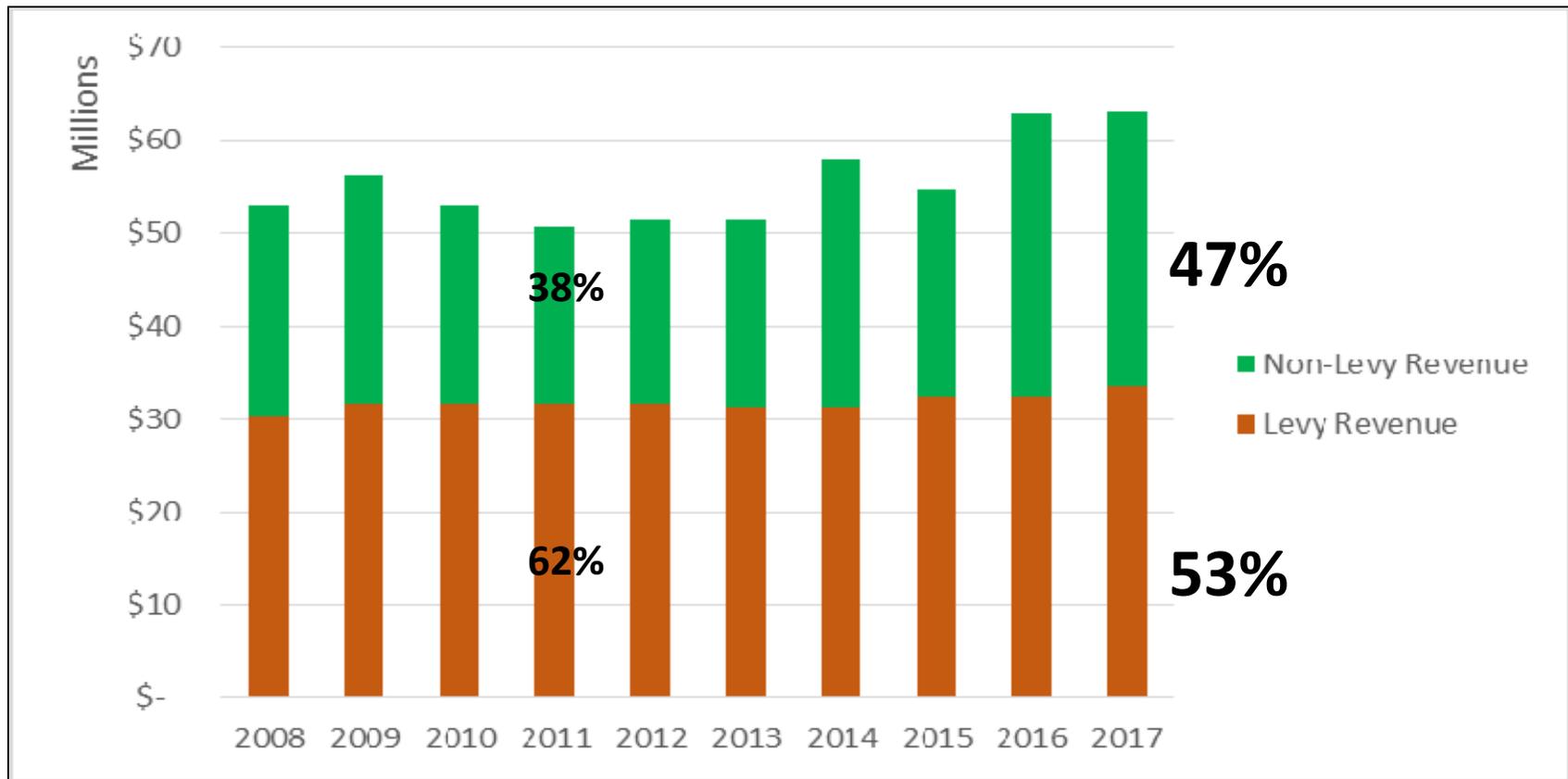
Year	Budgeted Expenditure	Non-Levy Revenue	Fund Balance	Property Tax Levy	Levy % Inc/(Dec)
<b>2008</b>	\$ 52,969,605	\$ 22,746,180		\$ 30,223,425	9.90%
<b>2009</b>	\$ 56,195,728	\$ 24,528,061		\$ 31,667,667	4.78%
<b>2010</b>	\$ 53,031,979	\$ 21,364,312		\$ 31,667,667	0.00%
<b>2011</b>	\$ 50,767,693	\$ 19,100,026		\$ 31,667,667	0.00%
<b>2012</b>	\$ 51,541,827	\$ 19,788,475		\$ 31,667,667	0.00%
<b>2013</b>	\$ 51,662,419	\$ 20,137,520	\$ 127,878	\$ 31,397,021	-0.85%
<b>2014</b>	\$ 59,769,586	\$ 26,497,029	\$ 1,925,546	\$ 31,347,021	-0.2%
<b>2015</b>	\$ 54,630,113	\$ 22,307,325	\$ (127,212)	\$ 32,450,000	3.5%
<b>2016</b>	\$ 63,997,035	\$ 30,487,790	\$ 1,059,245	\$ 32,450,000	0.00%
<b>2017 est.</b>	<b>\$ 63,479,967</b>	<b>\$ 29,630,811</b>	<b>\$ 320,554</b>	<b>\$ 33,528,602</b>	<b>3.32%</b>



# 2017 – Annual Budget & Levy

## County Budget – Revenues

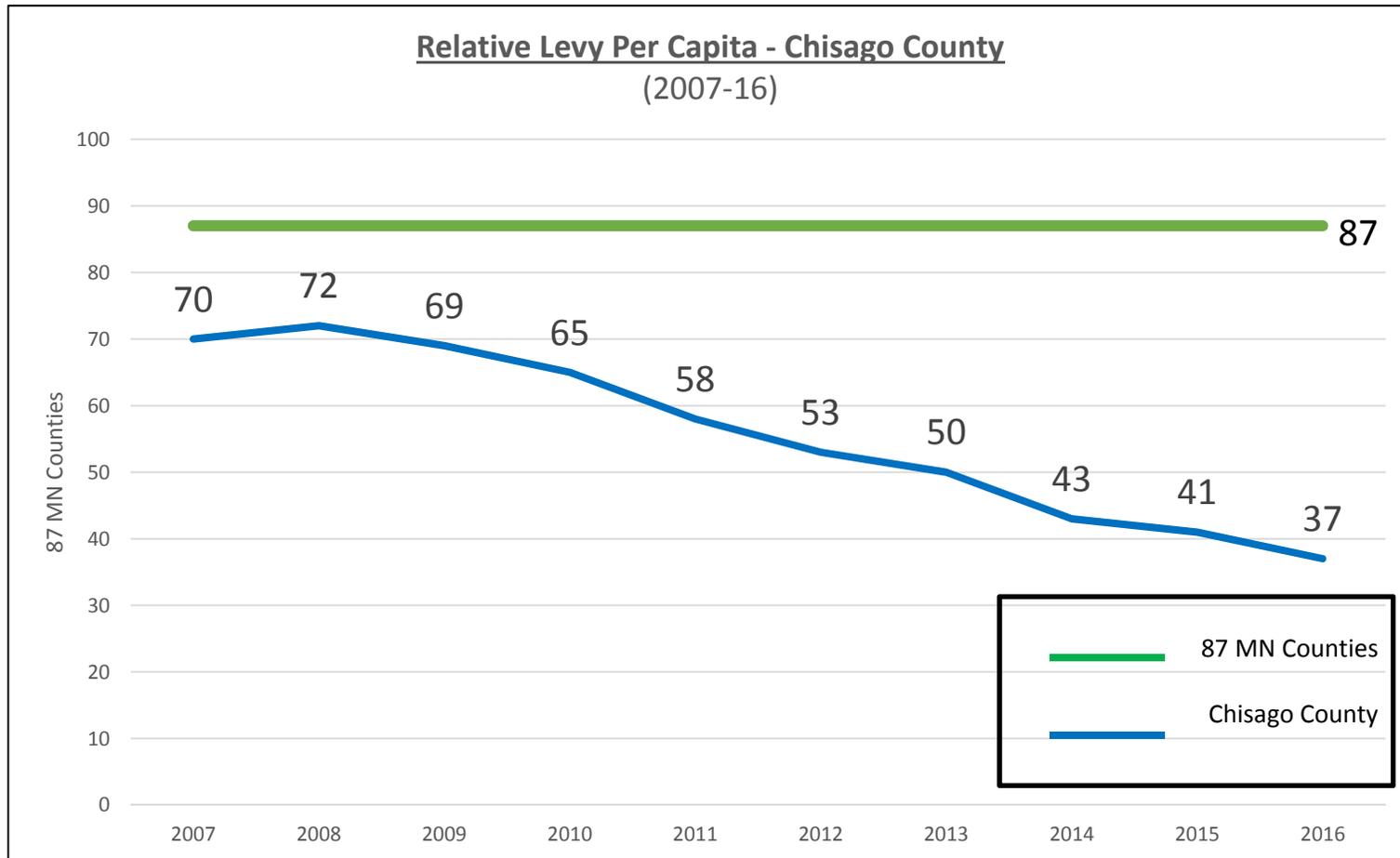
(2008 – 2017 est.)





# 2017 – Annual Budget & Levy

## County Budget/Levy Revenues



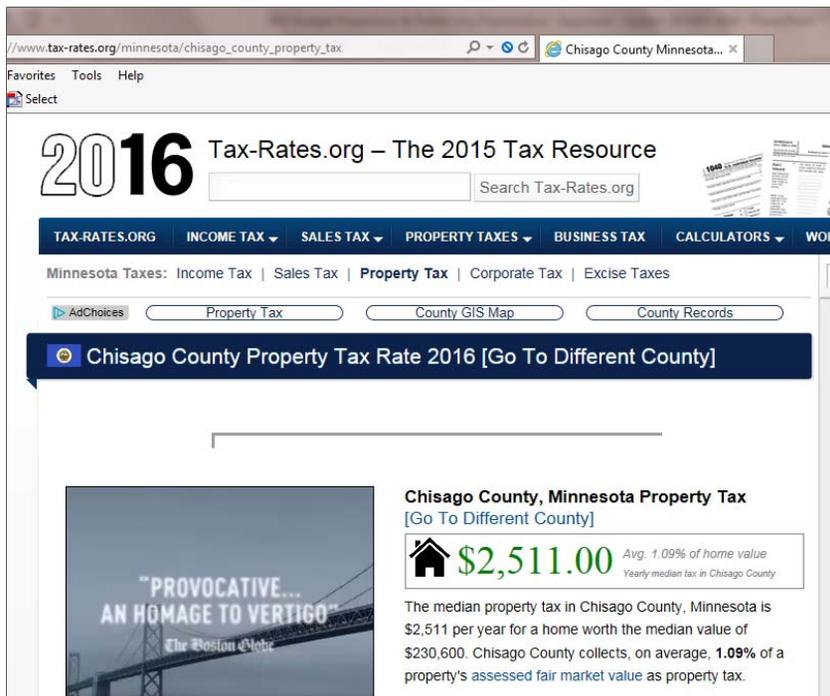
Source: Office of the State Auditor – Comparative Statistics & Association of Minnesota Counties – General Government Division



# 2017 – Annual Budget & Levy

## Comparing Property Taxes

*“I heard during the election campaign that Chisago County has the state’s 5<sup>th</sup> highest property taxes. What gives?”*



**This claim is somewhat misleading:**

- This claim includes ALL property taxes paid to ALL jurisdictions, including school and cities/towns
- This claim utilizes MEDIAN (50<sup>th</sup> percentile) *residential property taxes paid*, not the MEAN (average) or the MODE (typical)
- This claim ignores higher median home values for metro counties:

- |                        |                       |
|------------------------|-----------------------|
| Anoka County (#8)      | Carver County (#1)    |
| Chisago County (#5)    | Dakota County (#6)    |
| Hennepin County (#2)   | Ramsey County (#7)    |
| Scott County (#3)      | Sherburne County (#9) |
| Washington County (#4) | Wright County (#10)   |



# 2017 – Annual Budget & Levy

**5-Year and 10-Year Ranking  
of Minnesota Counties in Percent Change in Annual Levy**

Ranking in 10-Year Percent Change (Smallest to Largest)	COUNTY NAME	Average 2006- 2016	Ranking in 5-Year Percent Change (Smallest to Largest)	COUNTY NAME	Average 2011- 2016
1	WINONA	0.7%	1	WINONA	-1.3%
2	CROW WING	1.0%	2	TRAVERSE	-1.0%
3	MCLEOD	1.2%	3	BENTON	-1.0%
4	BENTON	1.5%	4	CROW WING	-0.7%
5	DAKOTA	1.5%	5	MAHNOMEN	-0.4%
6	KOOCHICHING	1.8%	6	ANOKA	-0.4%
7	MAHNOMEN	2.0%	7	ROSEAU	0.0%
8	GOODHUE	2.0%	8	DAKOTA	0.1%
9	LAKE OF THE WOODS	2.2%	9	KANABEC	0.4%
10	PINE	2.4%	10	CHISAGO	0.5%
11	MILLE LACS	2.4%	11	SHERBURNE	0.5%
12	AITKIN	2.5%	12	STEARNS	0.5%
13	ANOKA	2.6%	13	MCLEOD	0.5%
14	ST LOUIS	2.7%	14	WADENA	0.8%
15	ROSEAU	2.7%	15	KOOCHICHING	0.8%
16	RAMSEY	2.7%	16	MILLE LACS	1.0%
17	CASS	2.8%	17	CASS	1.0%
18	CHISAGO	2.8%	18	BECKER	1.2%
19	KANABEC	2.8%	19	RAMSEY	1.3%

Date: 16 OCT 2016

Source: Association of MN Counties  
Data Source: MN Department of Revenue



# 2017 – Annual Budget & Levy

## Preliminary County Levy Changes for CY 2017

November 17, 2016

COUNTY NAME	Pay 2016 Final Levy	Pay 2017 Preliminary Levy	\$ Change Levy	% Change Levy	Ranking in % Change  (smallest to highest)
<b>TOTALS</b>	<b>2,906,316,116</b>	<b>3,029,689,399</b>	<b>123,373,283</b>	<b>4.2%</b>	
AITKIN	12,448,000	12,882,929	434,929	3.5%	29
ANOKA	123,885,080	126,944,707	3,059,627	2.5%	13
BECKER	19,172,550	19,969,263	796,713	4.2%	42
BELTRAMI	20,137,494	20,939,029	801,535	4.0%	39
BENTON	18,987,493	19,330,998	343,505	1.8%	7
BIG STONE	4,826,290	5,093,593	267,303	5.5%	58
BLUE EARTH	30,387,243	32,815,184	2,427,941	8.0%	78
BROWN	12,254,289	12,805,732	551,443	4.5%	45
CARLTON	24,370,937	25,769,278	1,398,341	5.7%	61
CARVER	50,242,700	51,649,500	1,406,800	2.8%	20
CASS	21,029,026	22,059,545	1,030,519	4.9%	50
CHIPPEWA	9,427,097	9,751,814	324,717	3.4%	27
<b>CHISAGO</b>	<b>32,450,000</b>	<b>33,528,602</b>	<b>1,078,602</b>	<b>3.3%</b>	<b>26</b>
CLAY	27,635,435	29,282,262	1,646,827	6.0%	64
ISANTI	18,286,150	19,374,732	1,088,582	6.0%	63
KANABEC	10,830,801	11,223,269	392,468	3.6%	32
MILLE LACS	15,509,294	16,982,677	1,473,383	9.5%	81
PINE	15,942,799	16,979,081	1,036,282	6.5%	71
WASHINGTON	93,871,900	97,115,300	3,243,400	3.5%	28

Source: Association of MN Counties  
Data Source: MN Department of Revenue



# 2017 – Annual Budget & Levy

## III. 2017 – Budget Considerations



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

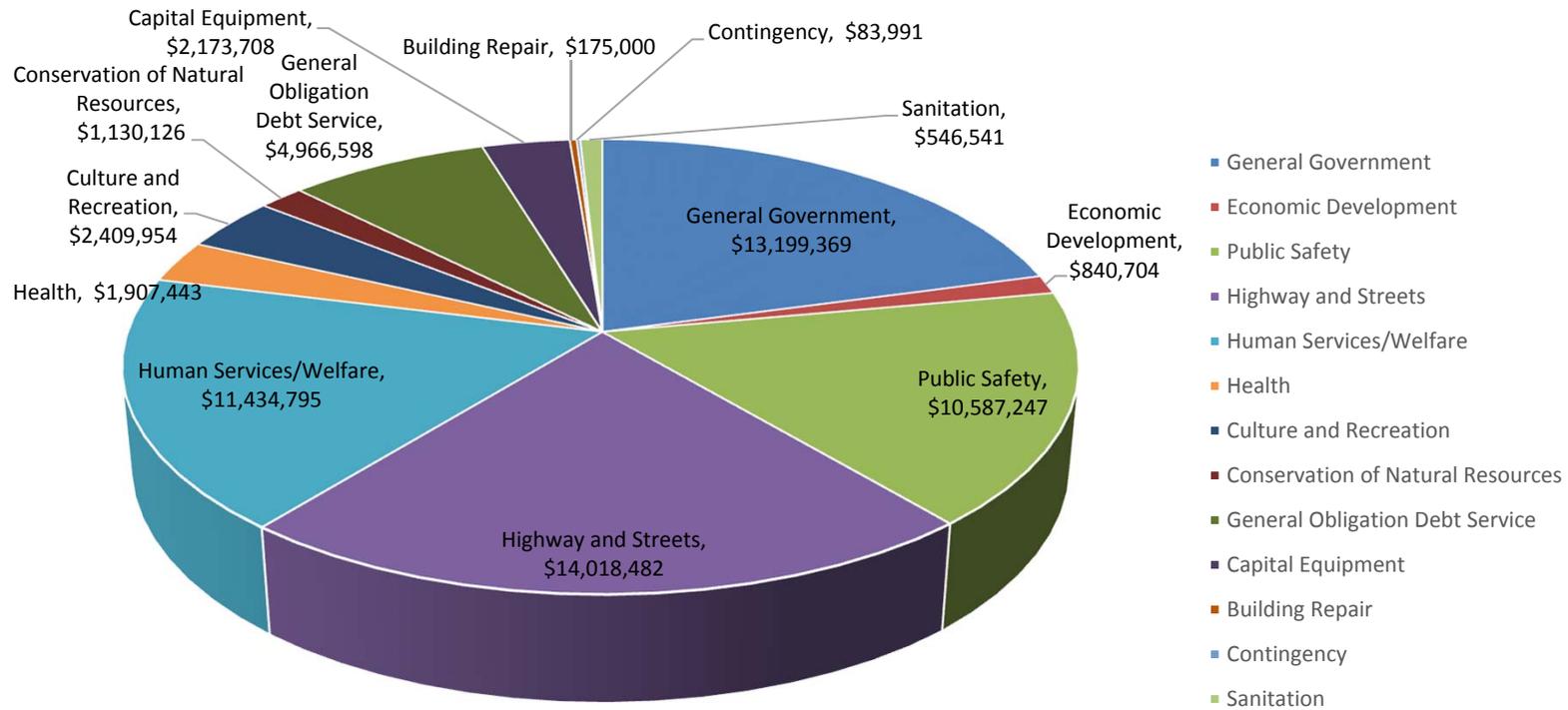
### County-wide/Department-wide:

- **Base Budget Adjustments –**
  - Personnel Changes (Aud/Treas/Rec, CCSO) - *In 2017 Base*
  - Swedish Immigrant Trail/Sunrise Trail Grant Awards (\$150K)
  - Public Safety Center (Jail/LEC) Constr. (2016-17) – *No Levy \$*
  - Other Major Capital Improvement Projects - *completed*
  
- **Personnel Adjustments –** Wages, Steps, Health Care, Benefits, and Mandatory Contributions – *6.5% est.*
- **CPI Adjustments –** Fuel, Consumables, etc. – *2% est.*
- **Historic Trends -** Revenues/Expenditures (vs Recent)



# 2017 – Annual Budget & Levy

## 2017 County Budget By Program/Activity



**\$63,479,967**



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

### Public Safety:

- Last Year for “Out-of-County” Placement
  - Use of Reserve Funding, if needed (2018 new Jail online)
- New Personnel / Cost Increases for All Personnel
- Technology Support Costs Increasing
- Continued use of Taskforce Grant Reimbursement and Gun Permit funds to augment staffing functions



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

### Health & Human Services:

- Restructuring/Streamlining Organization to Services
- Continued MNChoices & MNSure Program Changes
- Manage increased activity in caring for persons in State Facilities who are mentally ill and dangerous
- Increased Cost for “Out-of-Home” Placements
- Increases in Staffing and Provider Contracts
- Providing/Contracting out Case Management



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

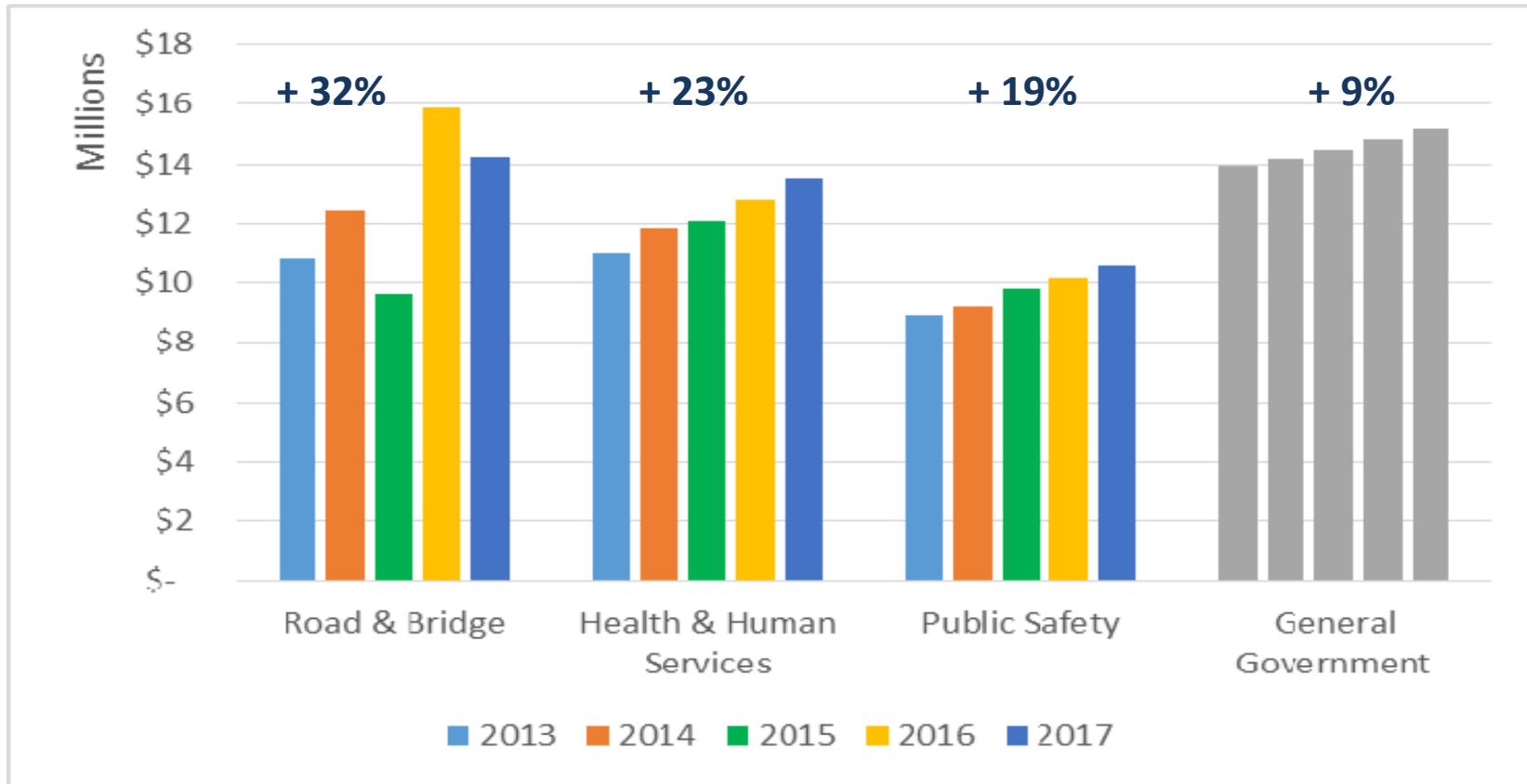
### Public Works:

- Continue Priority Road & Bridge Projects:
  - **Board-Approved TIP Projects**
  - **Offset Reductions in Federal & State Funding, including with:**
  - **Use of Local Option Sales Tax - Construction (~\$1.2M)**
- Continue priority road maintenance activities/projects
  - **Use of Wheelage Fee - Maintenance (~\$500,000)**
  - **Continue Seasonal Maintenance Crews**
- Utilize Federal HSIP Funding for Safety Improvements
- Technology/Equipment Investment



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations The BIG Three





# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

### County Board & Administration:

- Budget for Personnel Cost Increases
- Reduced Contingency ~ \$90,000
- Maintain Facilities & Maintenance & Office Support
- Begin Repayment of Advanced CIP Funds (CIP Projects) / Heartland NB Facility Purchase
- Increase in Tax Abatements ~ \$100,000 (EDA)

### Auditor/Treasurer/Recorder/Assessor:

- Maintain Service Levels – Personnel & Org. Changes/Costs
- Mandatory Service Provision Concerns



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

### Environmental Services:

- Implement Parks Trail Projects (Sunrise & Swedish Im.)
- Continue use of Solid Waste and SCORE funds for:
  - MPCA segregated waste requirements and HHS facility & safety
  - Programs related to Problem materials, Recycling & Product Stewardship (paint)
- Continue Department Efforts to:
  - Manage increase in building activity and permitting/inspections
  - Formalize County Ditch Committee & Implement New Buffer Law
  - Comprehensive Plan Update – Public Engagement



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

### **Attorney/Court Administration & Court Services :**

- Manage Increased Service Levels/Service Needs
- Personnel Cost Increases/Increased Workload
- Maintain Current Status - State Revenue Supported

### **MICS:**

- Provide support for needed systems for County facilities
- Protect network and data from Cyber Security attacks
- Implement NextGen E-911 systems & services
- Manage Department needs & data consumption/storage



# 2017 – Annual Budget & Levy

## 2017 County Budget/Levy Considerations

### Capital/Debt Service:

- Continue managing County Debt – G.O. Jail Bonds online
- Watch trends in PILT, MCIT Dividend, other activities
- Modest Capital Project Needs – CIP 2017 Projects

### Other Agency Support:

- Library & Extension – Continued Operating Support
- SWCD – Maintain/Increase County Support (leverage \$\$)
- Heartland – Maintain Operations/Staff transition to Isanti
- Other – Continued Support for CCHS & Ag Society



# 2017 – Annual Budget & Levy

## IV. 2017 – Budget Analytics



# 2017 – Annual Budget & Levy

## County Staffing

### Staffing Variables

- 55% Budget - Personnel
  - Programs/Mandates
  - COLA, Steps, Benefits, Market
- Health Care/Benefits
  - Eliminate Gold Plan
  - New-Employees HSA
  - PERA Adjustments/POCORI Fee
- Retirements/Rehires
  - Personnel/Health Care
  - FT vs. PT

### Cost of Living Adjustments

YEAR	COLA
2007	2% JAN + 1% JUL
2008	0
2009	0
2010	0
2011	2
2012	2
2013	1
2014	2
2015	1
2016	2
2017	3
2018	2



# 2017 – Annual Budget & Levy

## County Staffing

(2006 – 2017 est.)



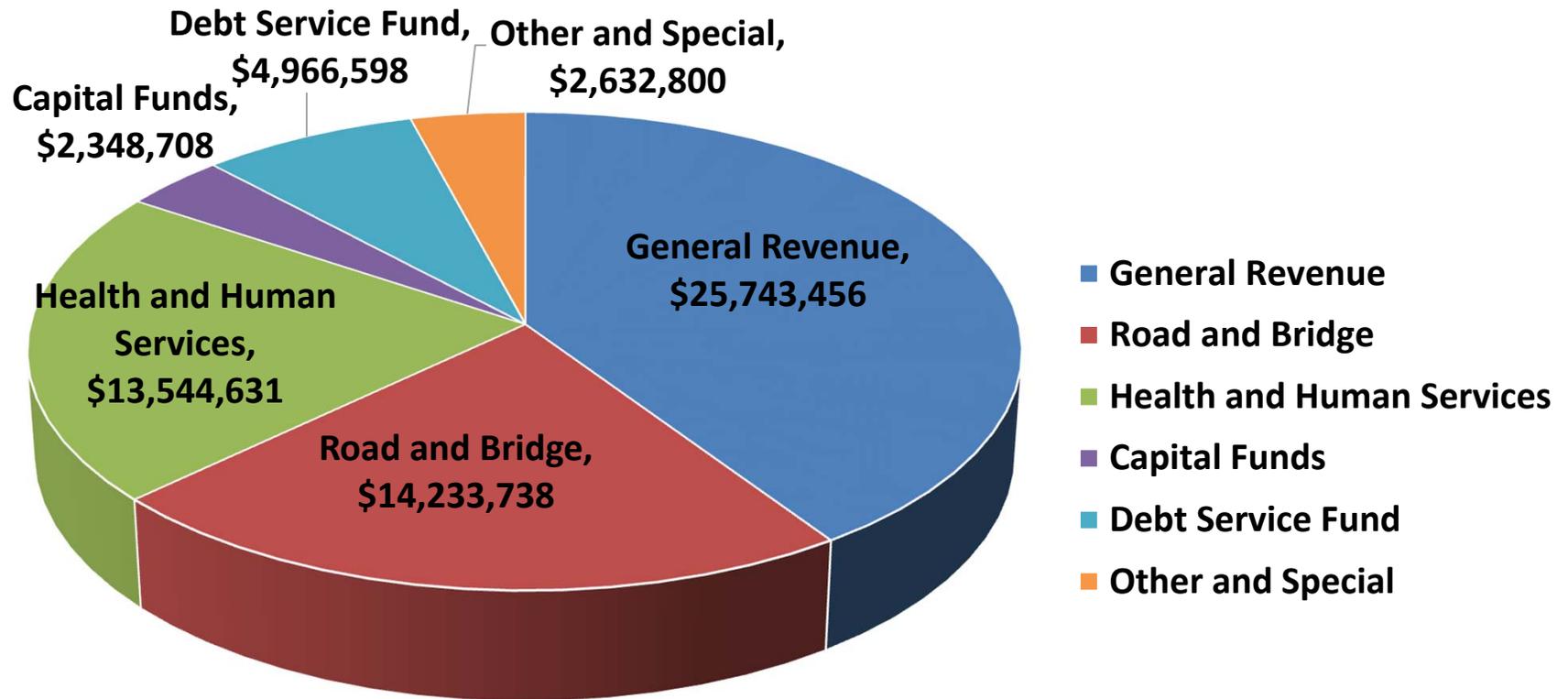
***A 10% Reduction in Staffing since 2006 (1.6% increase since 2009)***



# 2017 – Annual Budget & Levy

## 2017 County Budget

### All Funds

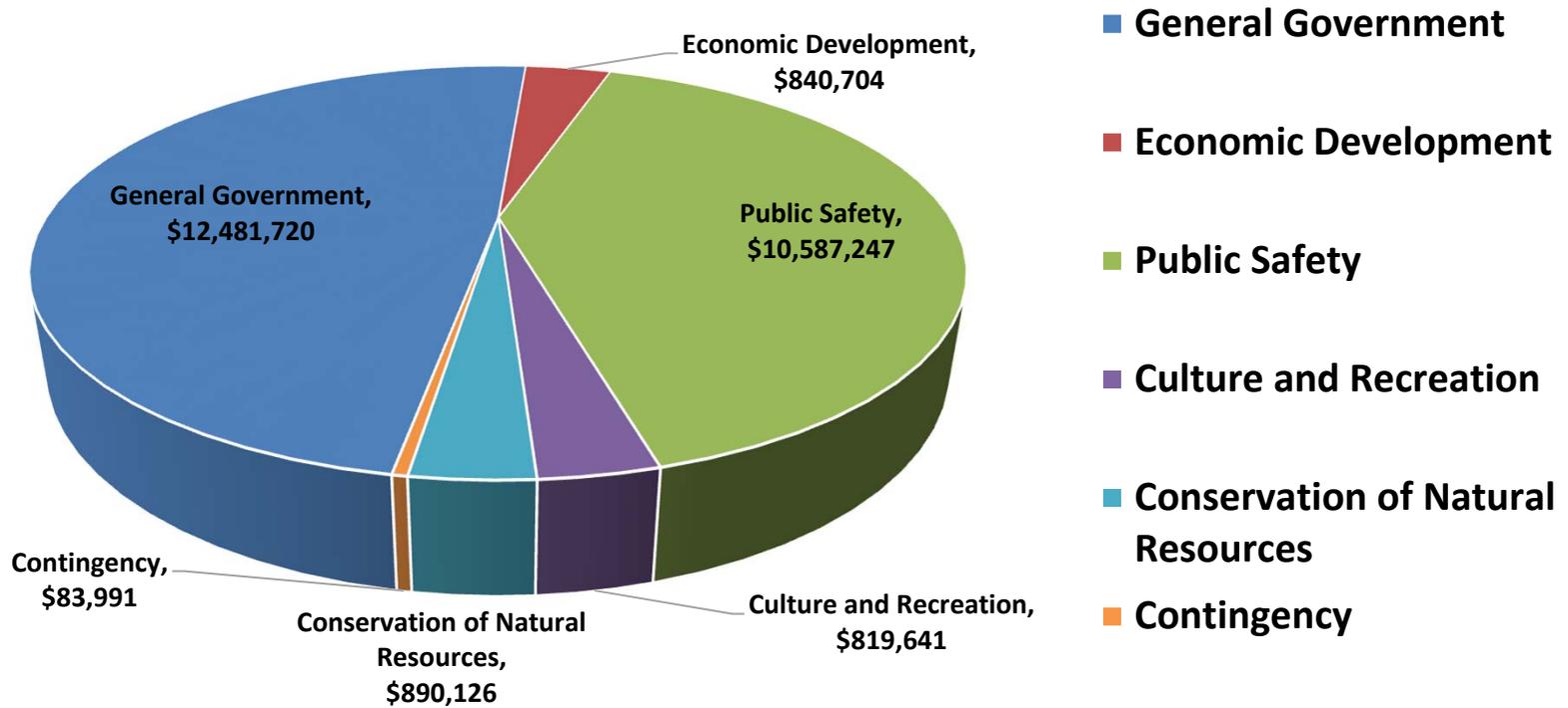


**\$ 63.47 Million**



# 2017 – Annual Budget & Levy

## 2017 County Budget General Revenue Fund

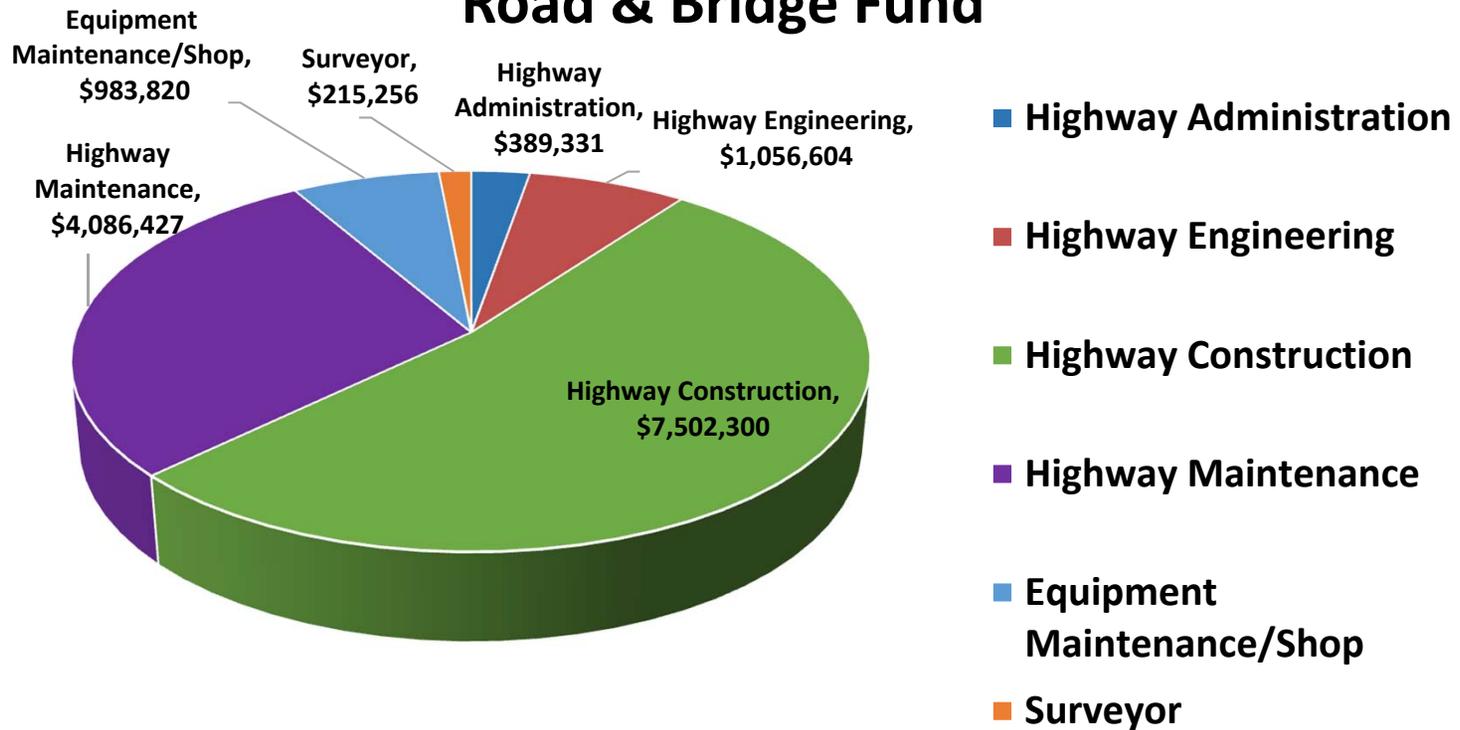


**\$25,743,456**



# 2017 – Annual Budget & Levy

## 2017 County Budget Road & Bridge Fund

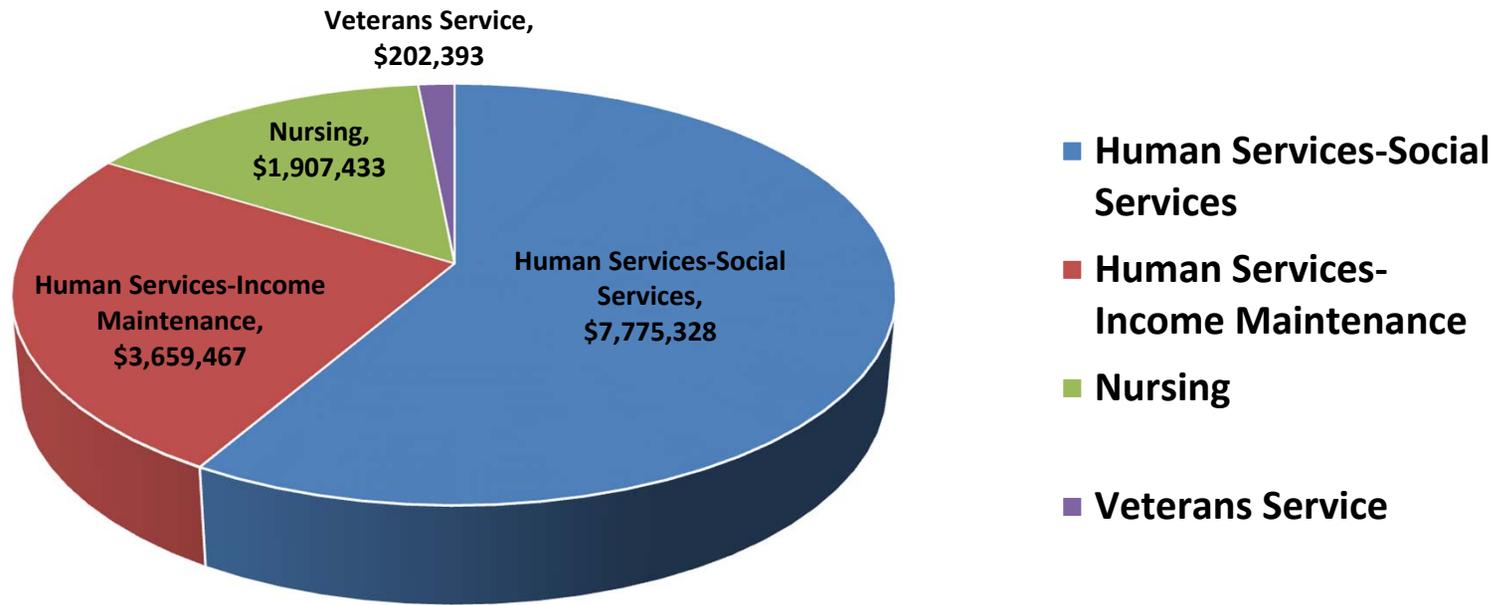


**\$14,233,738**



# 2017 – Annual Budget & Levy

## 2017 County Budget Health & Humans Services Fund

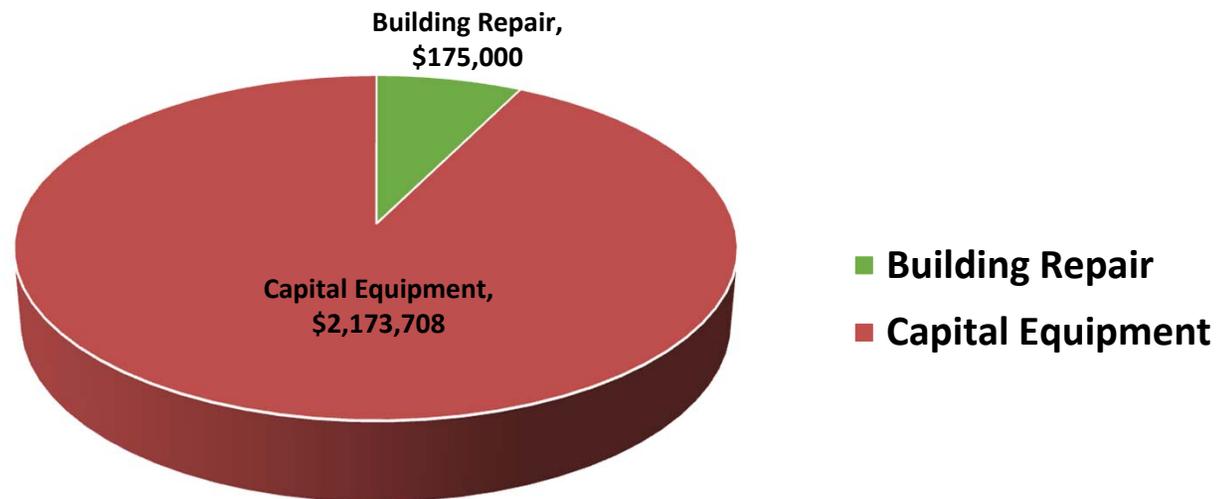


**\$ 13,544,631**



# 2017 – Annual Budget & Levy

## 2017 County Budget Capital Fund

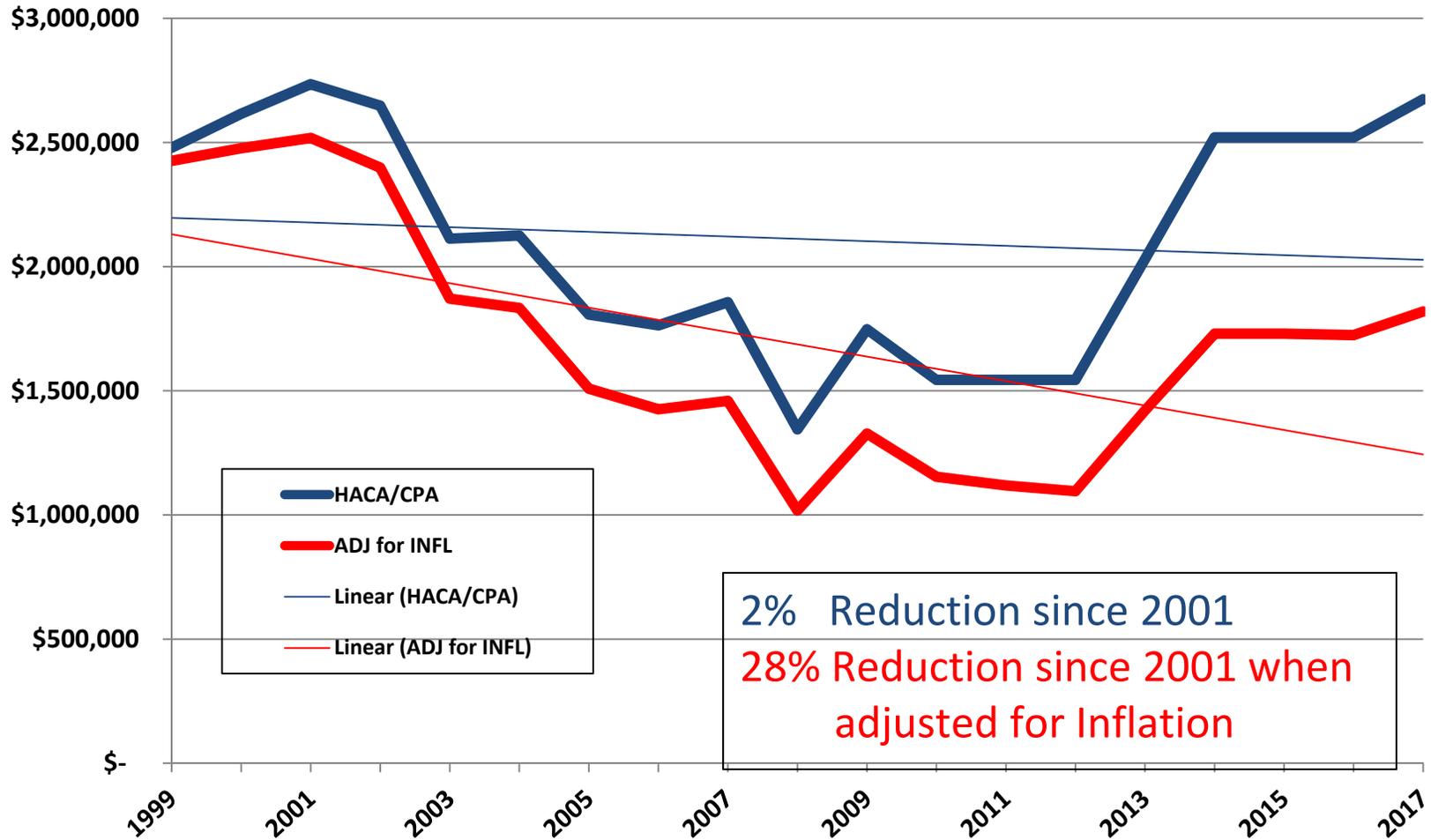


**\$ 2,348,708**



# 2017 – Annual Budget & Levy

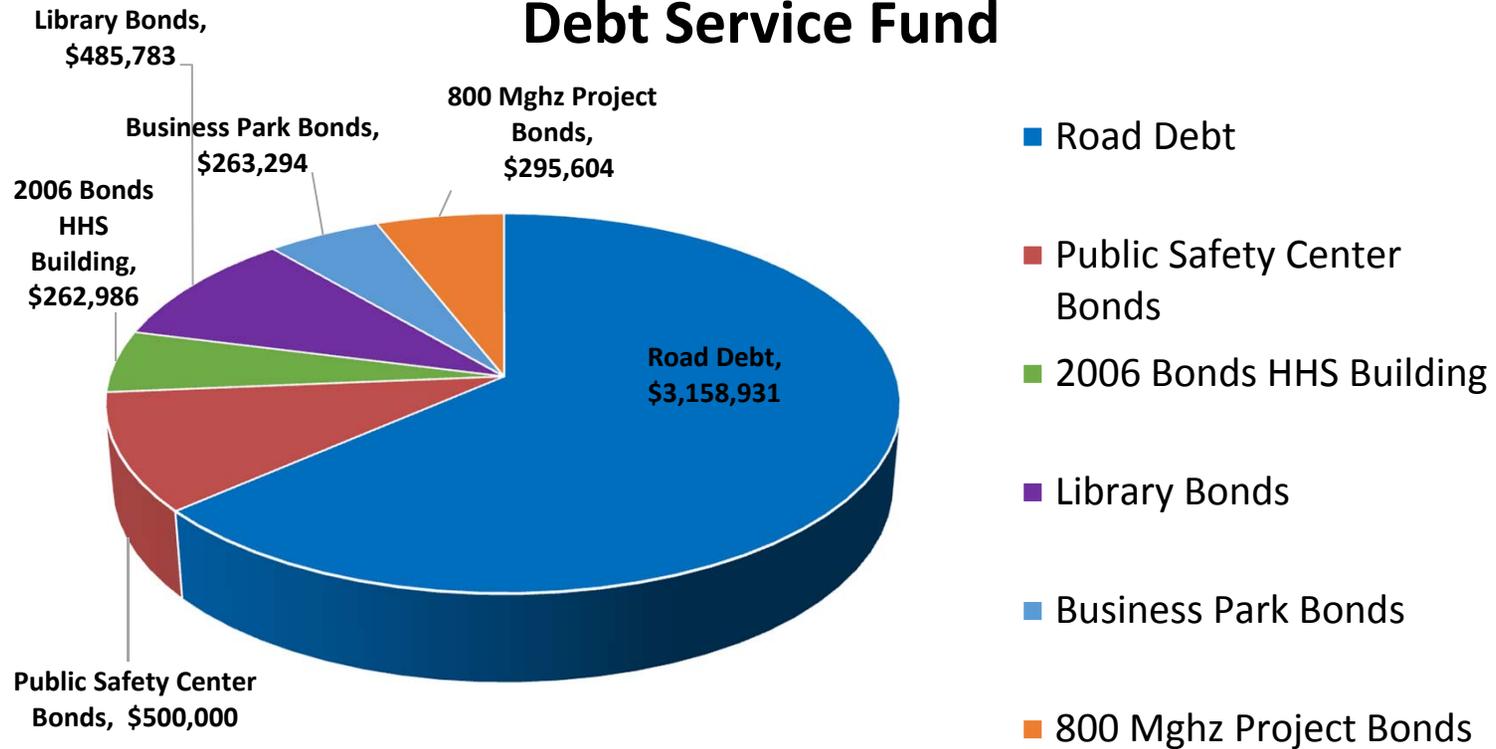
**County Program Aid/HACA (Homestead and Agricultural Credit Aid )**





# 2017 – Annual Budget & Levy

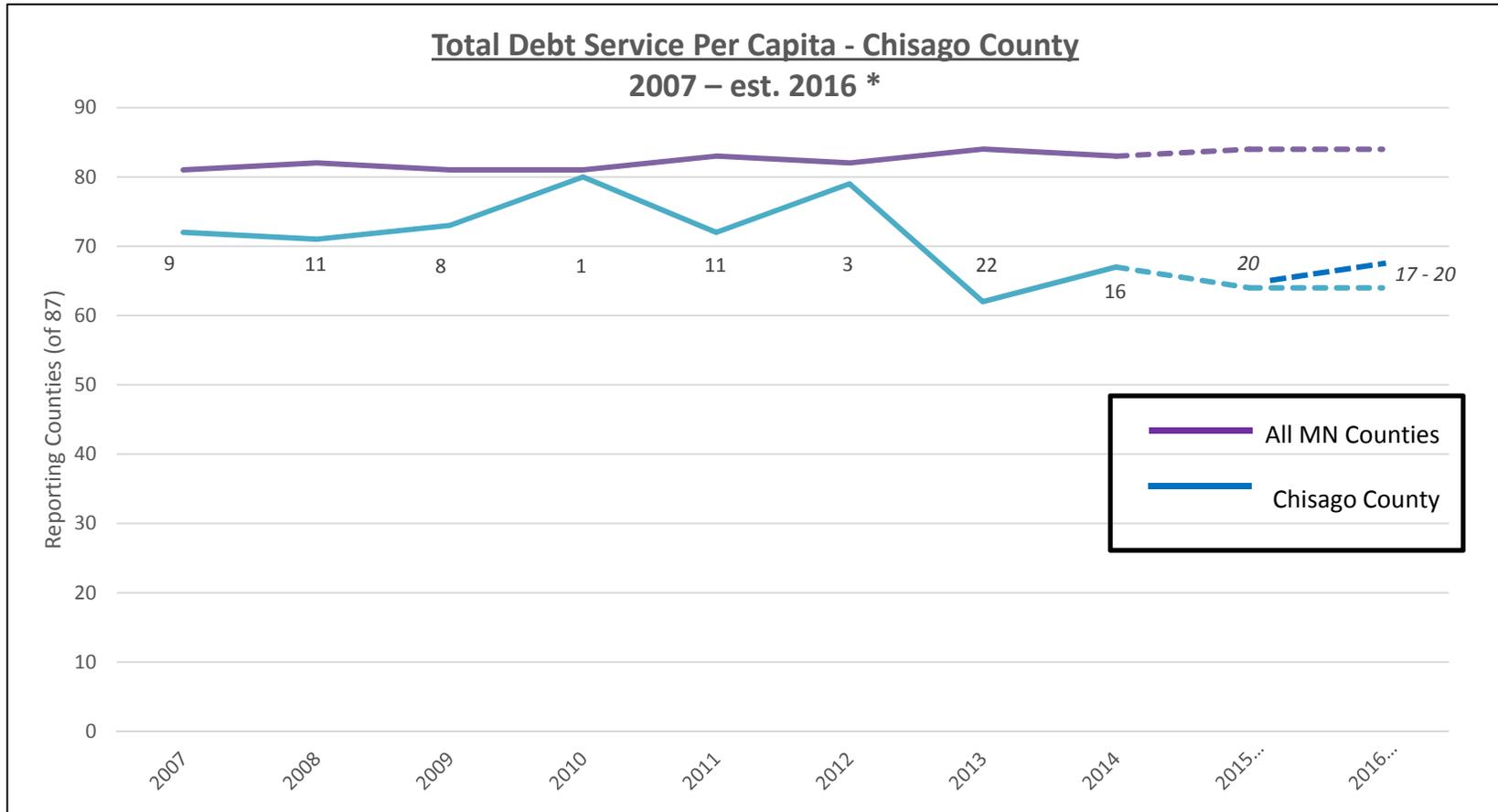
## 2017 County Budget Debt Service Fund



**\$4,966,598**



# 2017 – Annual Budget & Levy



Sources: Office of the State Auditor – Comparison Tools (<http://www.osa.state.mn.us/default.aspx?page=ComparisonTools>)  
 Chisago County, MN Schedule of Bond Indebtedness (7/14/15)  
 2015 & 2016 estimates extrapolated from data from OSA (<http://www.osa.state.mn.us/default.aspx?page=20160316.000>) & State Demographer

\* 2016 Estimate for Chisago County includes new issuance of \$10M in G.O. Bonds (Series 2016A) with a possible position change of 0-3 places



# 2017 – Annual Budget & Levy

## V. Property Tax & Taxpayer Information



# 2017 – Annual Budget & Levy

## 2017 County Budget – Summary

- \$63.5M Operating & Capital Budget
  - Major Priorities: Roads & Bridges (\$14.2M)  
Health & Human Services (\$13.5M)  
Public Safety (\$10.6M)
- Preliminary Levy of \$33,5M (3.32%)
  - Covers Increased 2017 Personnel Costs (~6.5%)
  - Covers Continued Program/Service Delivery (~0-2%)
- No New Major Revenues, Expenditures, Activities



# 2017 – Annual Budget & Levy

## Who Uses Your Local Property Tax Dollar?



**County**  
**41¢**

**City/Twp**  
**26¢**

**Schools**  
**25¢**

**State**  
**6¢**

**Others**  
**2¢**



# 2017 – Annual Budget & Levy

## Projected 2017 Tax Impacts

Very preliminary and subject to change based on a 3.3% increase in levy over 2016 to \$33,296,102  
(not including Lake Improvement District)

Residential									
2016 Value	2016 Tax Capacity	2016 County Share of Tax	4.3% 2017 Value Increase*	2017 Tax Capacity	2017 County Share of Tax	Tax Increase/Decrease	% Increase/Decrease	Tax Capacity Change	
76,000	456	323.21	79,300	492	340.54	17.33	5.36%	7.89%	
100,000	718	508.92	104,300	764	528.80	19.88	3.91%	6.41%	
150,000	1,263	895.21	156,500	1,333	922.64	27.43	3.06%	5.54%	
200,000	1,808	1,281.50	208,600	1,901	1,315.78	34.28	2.67%	5.14%	
300,000	2,898	2,054.09	312,900	3,038	2,102.75	48.66	2.37%	4.83%	
450,000	4,500	3,189.58	469,400	4,694	3,248.95	59.37	1.86%	4.31%	
Commercial									
2016 Value	2016 Tax Capacity	2016 County Share of Tax	0% 2017 Value change*	2017 Tax Capacity	2017 County Share of Tax	Tax Increase/Decrease	% Increase/Decrease	Tax Capacity Change	
100,000	1,500	1,063.19	100,000	1,500	1,038.22	-24.97	-2.35%	0.00%	
150,000	2,250	1,594.79	150,000	2,250	1,557.34	-37.45	-2.35%	0.00%	
200,000	3,250	2,303.59	200,000	3,250	2,249.49	-54.10	-2.35%	0.00%	
300,000	5,250	3,721.18	300,000	5,250	3,633.79	-87.39	-2.35%	0.00%	
450,000	8,250	5,847.56	450,000	8,250	5,710.24	-137.32	-2.35%	0.00%	
						Rate Difference	% Increase/Decrease		
	2016 Rate	0.7087955690		2017 Rate	0.6921499232	-0.0166456458	-2.35%		
*average countywide									

# 2017 – Annual Budget & Levy

## **What Can I Do About My Tax Bill?**

Get the Correct Information (*staff available*)

Verify accuracy of your taxing information

Understand the multiple variables at play

Contact Each Taxing Jurisdiction regarding its respective decisions and impacts on you

Consider Applying for Property Tax Relief

Comments / Questions?

## 2017 – Annual Budget & Levy

### Suggested Board Motion:

***“Move to Approve by Board Resolution the Chisago County 2017 Final Levy & Annual Budget, as presented [or as modified] at tonight’s meeting; to include:”***

- ***A 2017 County Levy of \$33,528,602***
- ***A 2017 County Expenditure of \$63,479,967***