

# FY 18 Budget Parameters with the Board of Supervisors

October 6, 2016



# Agenda

- Review Property Tax Adjustments
- Review Moody's Rating – FY 2016
- Set parameters for department budget development



# Property Tax Adjustments

|   | FY 16        | FY 17        | FY 18        | FY 19        | FY 20        | FY 21        | FY 22        | FY 23        | FY 24        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Backfill  | \$1.600      | \$1.449      | \$1.159*     | \$0.869*     | \$0.580*     | \$0.290*     | -            | -            | -            |
| Multi   | <u>1.137</u> | <u>1.243</u> | <u>1.042</u> | <u>0.995</u> | <u>0.947</u> | <u>0.900</u> | <u>0.853</u> | <u>0.805</u> | <u>0.758</u> |
| Current Revenue   | 2.737        | 2.692        | 2.201        | 1.864        | 1.527        | 1.190        | 0.853        | 0.805        | 0.758        |
| Net Change  |              | (0.199)      | (0.337)      | (0.337)      | (0.338)      | (0.337)      | (0.337)      | (0.048)      | (0.047)      |
| <ul style="list-style-type: none"> <li>* Projected decline based on 5 year rollout</li> <li>^ Projected reductions due to rollback assessment change</li> </ul> |              |              |              |              |              |              |              |              |              |

Reduction of Backfill and Multi-family Residential property taxes in Millions of Dollars

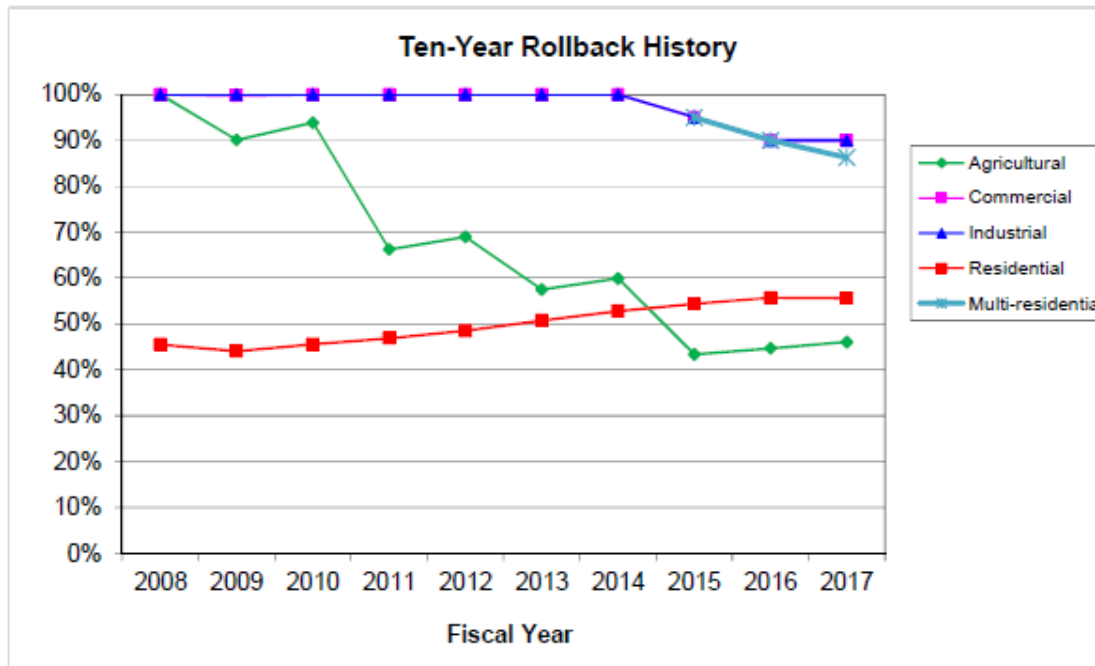


# Rollback History

## Fiscal Year Ending June 30th

| Property Class    | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Agricultural      | 100%   | 90.10% | 93.86% | 66.27% | 69.02% | 57.54% | 59.93% | 43.40% | 44.70% | 46.11% |
| Commercial        | 100%   | 100%   | 100%   | 100%   | 100%   | 100%   | 100%   | 95%    | 90%    | 90%    |
| Industrial        | 100%   | 100%   | 100%   | 100%   | 100%   | 100%   | 100%   | 95%    | 90%    | 90%    |
| Residential       | 45.56% | 44.08% | 45.59% | 46.91% | 48.53% | 50.75% | 52.82% | 54.40% | 55.73% | 55.63% |
| Multi-residential |        |        |        |        |        |        |        | 95.00% | 90.00% | 86.25% |

Numbers represent the percent of assessed valuation that is subject to property tax.



# Key County Financial Overview

- County Property Tax Trend (\$)– Scott County / All Counties
  - FY 11-FY 16 -> 5 Year Average Change 1.50% / 3.11%
  - FY 13-FY 16 -> 3 Year Average Change 0.14% / 3.04%
- Taxable Valuation Trends – Scott County / All
  - FY 11-FY 16 -> 5 Year Average Change 2.58% / 3.24%
  - FY 13-FY 16 -> 3 Year Average Change 1.65% / 2.77%



# Review FY 2016 Bond Rating

- Moody's upgraded the County to Aa1.
- Sizeable and steadily growing tax base
  - 1.7% between 2010 and 2015; *County Estimate as of 10/6/16 - projected at 1.5% for 2016 taxable valuation*
- Healthy financial operations
- Strengthened operating reserves
- Low debt burden
- Moderate unfunded pension liability.

# FY18 Budget Preparation

- **Personnel**

- Estimate longevity based projected step increases; merit at 4.25% until top of hay point; and COLA 2% - 2.5% depending on group. Results of two unions over 2.25% - utilize fund balance
- Budget Health Costs 7.8% for January 2017 increase (maintain Health/Dental Insurance Fund Balance at 3 months). Budget Health Costs 9% increase for January 2018.

- **Non-Personnel**

- Budget ?% growth from FY16

(FY16 Operating Budget 94.2% of original budget).

Review individual line items in departments to recommend funding shifts; Highlight for Board review.

# FY18 Budget Preparation

- **Authorized Agencies**
  - Require County Contribution FY18 Budgets at 0% growth. Review agencies that have new funding sources.
- **Capital Budget**
  - Property tax transfer at \$1,980,000 (General, Vehicle, Electronic Equipment) and include general fund transfer of \$2,222,142 from FY16.
  - Consolidate Conservation equipment and general contribution
  - Look for ways to reduce costs in line items that are equipment replacement.
- **Budget Strategic Flexibility FY 19 - FY 23**
  - Develop strategy to absorb property tax backfill reduction of \$1.6 million over 5 years.





# FY18 Budget Preparation

- **Program Guidelines for departments and current funded agencies**
  - Departments may submit new programs for consideration.
  - Programs must have offsetting revenue and/or show operating costs savings or other program reduction.
  - Capital costs must have outside participation identified in proposal.
  - Program must show benefit to community and include measurement.



# FY 18 Budget Parameters

- Parameter Finalization October 18, 2016