

MARATHON COUNTY
WAUSAU WISCONSIN

2020 ANNUAL BUDGET

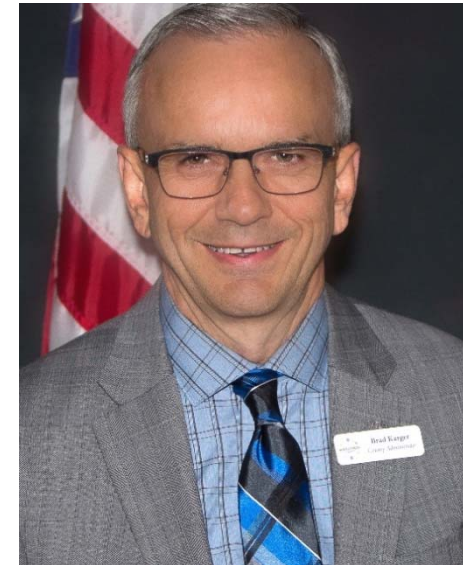


County Administrator's Budget Message

Presented to the Marathon County Human Resources, Finance and Property Committee
October 14, 2019



County Administrator's Budget Message



TO: The Honorable Marathon County Board of Supervisors
FROM: Brad Karger, County Administrator
DATE: October 7, 2019
SUBJECT: 2020 BUDGET MESSAGE

Highlighted areas show the changes made by the HR and Finance Committee at their 10-14-2019 meeting.

I present this Financial Plan and 2020 Annual Budget to the County Board, as required by Wisconsin Statute 59.033(5). The actual budget and tax levy for 2020 will be voted upon at the November meeting of the County Board. This document represents my recommendations for the operating budget for the year 2020, including funding for the 2020 Capital Improvements Program (CIP).

THANK YOU TO THOSE WHO CONTRIBUTED TO BUILDING THIS BUDGET

A budget is a team effort. In building a financial plan for the upcoming year department heads and the administrative people who support them, Lance Leonhard along with Kristi Palmer, Alicia Richmond and employees of the Finance Department who support them, pulled together and the result is a product which continues our array of public services and reduces our tax rate from \$4.80 to \$4.72

We have a great group of people involved in key financial and leadership roles and I thank you all.

Our County Government functions at a high level in part because of the many contributors who are committed to public service as a profession and who understand that the work we do matters.

**THE PROPERTY TAX RATE IS REDUCED BY .08 CENTS
AND HAS NOT BEEN INCREASED SINCE THE 1995 BUDGET**

The tax rate is going down, but our property tax levy is increased by \$1,221,453 or 2.47%. Let me explain:

“Tax Rate” - - Amount of tax collected from the tax base (usually expressed in mills, or \$.001 of equalized value).

“Tax Levy” - - Equalized value times the tax rate.

So for instance - - \$100,000 (equalized value of property) x .002 (2 mills tax rate) = \$200 tax levy

The tax levy for the County is the total tax levy of all the properties within the County.

This year the equalized value of all the properties in Marathon County is \$10,753,132,800, an increase of \$452,823,900 (4.4%) over 2019. That increase minus the portion of the increase in tax increment districts, times the new tax rate (\$4.72) generates a \$1,221,453 increase in property tax dollars which are incorporated into the 2020 budget. Thus, you can argue that this budget proposal increases taxes if your focus is on the tax levy or you can argue that it decreases taxes if your focus is on the tax rate. Both are true.

AVERAGE HOMEOWNER IMPACT

The average homeowner in Marathon County will see some minor increase in the County portion of their property tax bill for 2019. For illustration the following chart compares the “average homeowner’s” tax bill for 2010 thru 2020.

<u>Budget Year</u>	<u>Property Value</u>	<u>Tax Rate</u>	<u>Tax Amount</u>	<u>\$ Changes</u>	<u>% Changes</u>
2020	\$158,756	\$4.72	\$749.33	\$16.59	2.26%
2019	\$152,065	\$4.80	\$732.74	\$ 4.54	0.62%
2018	\$146,965	\$4.95	\$728.20	\$ 7.65	1.06%
2017	\$142,685	\$5.04	\$720.55	\$11.11	1.57%
2016	\$138,422	\$5.125	\$709.44	\$ 6.80	.97%
2015	\$136,134	\$5.16	\$702.45	\$12.44	1.8%
2014	\$133,465	\$5.17	\$690.01	\$ 3.70	.054%
2013	\$132,748	\$5.17	\$686.31	(\$22.10)	(3.2%)
2012	\$137,023	\$5.17	\$708.41	(\$ 9.19)	(1.3%)
2011	\$138,800	\$5.17	\$717.60	(\$13.96)	(1.9%)
2010	\$141,500	\$5.17	\$731.56		

Thus, the average homeowner in Marathon County will see their County tax bill increase by \$16.59 even though the tax rate declined by 8 cents. This happened because of a 4.4% increase in their property value.

REPLENISHMENT OF WORKING CAPITAL ACCOUNTS

The “good news” is that the 2020 budget is balanced without spending down any working capital funds.

The “bad news” is that there is no provision in the budget to repay any of the \$1,625,438 of working capital funds spent in 2018 to fund dramatic increases in correctional costs, justice alternatives program expansions and child welfare caused by the drug crisis.

The expenditures of working capital to fund the structural repairs to the Jail are being repaid through bonding. We can’t however, borrow for costs associated with the repairs that do not meet the definition of capital (\$600,000). We are going to need a plan for restoring those funds.

ADJUSTMENTS MADE TO BALANCE THE BUDGET

We are continuing two adjustments, started in 2019, in order to balance the budget:

1. We are budgeting closer to our real cost of employee compensation. In the past, our budgets assumed that all positions would be filled all year long. This resulted in surpluses in these accounts when there was turnover and there was a gap of time after the position incumbent left and before the new person started. Thus, in order to reduce over-budgeting for employee compensation, I have backed \$100,000 out of both the Sheriff’s Corrections Budget and the Highway Department Budget. Prior year surpluses suggest that this money will not be needed in 2020:

	<u>Highway</u>	<u>Corrections</u>
2018	\$342,102	\$403,226
2017	\$1,541,836	\$562,333
2016	\$497,027	\$562,333
2015	\$214,777	\$295,988

“Budgeting closer” doesn’t save any money, but it does avoid artificially inflating the cost of doing business.

2. We have fully applied the estimate of sales tax revenue provided to us by the State for 2020, \$13,479,000. In the past we budgeted most, but held some back as a cushion for a recession. This adds \$479,000 to our budget.

NEW POSITIONS

Ten (10) new full time equivalent positions were requested by department heads through our regular process which begins in the spring and gets final approval in September. We knew that the District Attorney would have additional requests for support positions but until the State budget was finalized we were not sure of what that might be and as a result, these requests could not work their way through our regular review process.

Most of the requested positions are funded in this budget recommendation:

1. In 2019, we amended the budget mid-year to add a Recreational Deputy in the Sheriff's Department. Also, consistent with the expressed desire of the County Board, we started 2 FTE Telecommunicators in 2019 with funds available by reducing the cost of out-of-county jail and other correctional expenses.
2. In 2020, we will add a 1 FTE position in the Solid Waste Department, a new job classification, "Environmental Health and Safety Specialist". Essentially, we are redirecting money we had paid to consultants to create the new position.
3. In 2020, at mid-year we will add 2 additional FTE Telecommunicators, for a total of 4 of the 6 positions we need to open a new police channel.
4. In 2020, we will add a .63 FTE position to the Treasurer's Office to do property listings in Wausau. In the past, Wausau did their own property listings but that will no longer be possible with the implementation of the new software that handles land records. The Treasurer prefers a full time position but is willing to give the part-time option a try.
5. In 2020, we will eliminate an Administrative Specialist position from the District Attorney's Office and add a Victim Witness Specialist and eliminate a Legal Secretary and add a Paralegal position. The upgrade to Victim Witness Specialist will raise our cost \$4,435 and the upgrade to Paralegal will cost \$14,592. The Paralegal upgrade is funded with offsetting revenues in County Administration Organizational Excellence revenues.

The Conservation, Planning and Zoning Department requested a 1 FTE Administrative Assistant position to support the POWTS Program. Correspondingly, the Environmental Resources Committee raised permit fees to support the new position costs. Well... that worked before we got the news on the cost of employee health care. Now, the new revenues from permit fees are being used to fund higher priorities and the POWTS Program will continue to be supported by a seasonal/temporary position. This is less than an ideal situation as the work is more of a regular, ongoing basis than temporary or seasonal.

All of the new position requests received considerable scrutiny as ours is a rigorous process. They were all determined to be solid requests, meeting documented needs. If we had the resources, we would fund them all.

More will be written about the position needs of the District Attorney's Office in the next section of this budget message. The District Attorney is seeking a 1 FTE **legal secretary** position and continued County funding for an Assistant District Attorney, neither of which are funded in this budget.

New & Expanded Position Requests - 2020

Dept	Request	Class Title (Working Title) Occ Code / DBM	DBM - Occ Code	Funding	CITY ADMIN APPROVAL TO PROCEED	FTE	County Funding - Levy			Non-Levy or Grant Funds			STANDING COMMITTEE APPROVAL	Supported by HR, F&P Committee
							Minimum	Mid-Point	Maximum	Minimum	Mid-Point	Maximum		

Positions Recommended To County Administrator To Include In 2020 Budget

1	Conservation, Planning & Zoning	Create	Administrative Assistant	A12 - 5021	30% Levy - tranfer from casual budget 70% POWTS Permit	Yes	1.00	\$16,355	\$17,798	\$19,240	\$38,163	\$41,528	\$44,894	Yes	8/27/2019
2	Sheriff's Office	Create	Recreational Safety Deputy	CONTRACT	25% Levy 75% Reimbursements	Yes	1.00	\$23,848	\$23,848	\$23,848	\$71,543	\$71,543	\$71,543	Yes	8/27/2019
3	Sheriff's Office	Create 6	Communications Specialists (6)	B23 - 5071	100% Levy	Yes	6.00	\$408,666	\$456,594	\$504,522				Yes	8/27/2019
4	Treasurer's Office	Create	Administrative Coordinator-Property Lister	B23 - 5023	100% Levy	Yes	1.00	\$68,111	\$76,099	\$84,087				Yes	9/9/2019
5	Solid Waste	Create	Regulatory Compliance & Environmental Health/Safety Specialist	B23 - 5233	100% Tipping Fees	Yes	1.00				\$68,788	\$76,895	\$85,001	Yes	9/9/2019
6	District Attorney Office	Create	Depended upon state funding	Unknown	No Levy	Yes								Yes	Postpone until 9/30/19
REQUESTED FTE'S & FUNDING FOR CONSIDERATION IN 2020 BUDGET							10.00	\$516,980	\$574,339	\$631,697	\$178,494	\$189,966	\$201,438		

Positions Included by County Administrator for 2020 Budget

1	Sheriff's Office	Create	Recreational Safety Deputy	CONTRACT	25% Levy 75% Reimbursements	Yes	1.00	\$23,848	\$23,848	\$23,848	\$71,543	\$71,543	\$71,543	Yes	8/27/2019
2	Sheriff's Office	Create 2.0	Communications Specialists (6)	B23 - 5071	100% Levy	Yes	2.00	\$136,222	\$152,198	\$168,174				Yes	8/27/2019
3	Treasurer's Office	Create .63 FTE	Administrative Coordinator-Property Lister	B23 - 5023	100% Levy	Yes	0.63	\$29,075	\$34,067	\$39,060				Yes	9/9/2019
4	Solid Waste	Create	Regulatory Compliance & Environmental Health/Safety Specialist	B23 - 5233	100% Tipping Fees	Yes	1.00				\$68,788	\$76,895	\$85,001	Yes	9/9/2019
5	District Attorney Office		Abolish Administrative Coordinator and Create Victim Witness Program Assistant				0.00	\$3,566	\$4,190	\$4,817					Postpone until 9/30/19
3															
Estimated Costs:							4.63	\$192,711	\$214,303	\$235,899	\$140,331	\$148,438	\$156,544		

**COUNTY EMPLOYEES
MARATHON COUNTY: FULL TIME EQUIVALENT EMPLOYEES**

DEPARTMENTS:	2014	2015	2016	2017	2018	2019	2020	Incr. + Decr. -	See Note	NOTES
Clerk of Courts	34.00	34.00	34.00	34.00	34.00	34.00	34.00			(1) Eliminated 1.0 Administrative Specialist and created +1.0 Victim Witness Program Assistant.
Conservation Planning & Zoning	21.00	23.00	24.00	24.00	24.00	25.00	25.00			
Corporation Counsel	6.50	6.50	6.00	7.25	7.78	7.78	7.78			(2) Added 1.0 Recreational Deputy in 2019 (Contractual Position, funding from Parks, Rec & Forestry Dept.); Second 1.0 Recreational Deputy in 2020. Both assigned to PARKS, REC & FORESTRY DEPT.
County Administration	4.00	4.00	4.00	4.00	4.00	5.00	5.00			
County Clerk	4.50	4.00	4.00	4.00	4.00	4.00	4.00			(2) Added 1.0 Recreational Deputy in 2019 (Contractual Position, funding from Parks, Rec & Forestry Dept.); Second 1.0 Recreational Deputy in 2020. Both assigned to PARKS, REC & FORESTRY DEPT.
District Attorney	12.80	13.80	13.80	13.80	15.30	16.30	16.30	0.00	1	
Emergency Management	2.00	2.00	2.00	2.00	2.00	2.00	2.00			Added Communication Specialists for Dispatch. (+2.0 Added in 2019 and +2.0 to be added in July 2020)
Employee Resources	6.80	6.80	6.80	6.80	7.00	7.00	7.00			
Facilities & Capital Management	23.70	23.70	23.70	35.70	35.70	35.70	35.70			(3) Add +1.0 Regulatory Compliance & Environmental Health & Safety Specialist.
Finance	6.00	6.00	6.00	6.00	6.00	6.00	6.00			
Health	42.00	42.20	40.82	43.82	43.82	43.82	43.82			(3) Add +1.0 Regulatory Compliance & Environmental Health & Safety Specialist.
Highway	77.00	78.50	78.50	78.50	78.50	78.50	78.50			
Library	44.90	44.90	46.10	46.10	46.10	46.10	46.10			(4) Add +.63 Administrative Coordinator (Property Lister)
Medical Examiner	1.70	2.00	3.00	3.00	4.00	4.00	4.00			
Parks, Recreation & Forestry	43.00	43.00	43.00	43.00	44.00	43.60	43.60			(4) Add +.63 Administrative Coordinator (Property Lister)
Register of Deeds	7.50	7.50	7.50	7.50	7.50	7.50	7.50			
Sheriff	180.00	186.85	187.85	187.85	193.60	196.60	199.60	3.00	2	
Social Services	111.23	111.73	107.50	111.00	115.63	119.00	119.00			
Solid Waste	7.50	8.00	8.00	9.00	9.00	9.00	10.00	1.00	3	
Treasurer	5.00	5.00	5.00	5.00	5.00	5.00	5.63	0.63	4	
UW Extension	2.00	2.00	2.00	2.00	1.00	1.00	1.00			
Veterans	2.75	2.75	2.75	2.75	2.75	2.75	2.75			
TOTAL	645.88	658.23	656.32	677.07	690.68	699.65	704.28	4.63		
Central WI Airport	22.00	22.00	23.00	23.00	23.00	23.00	23.00			
ADRC-CW	58.73	57.71	57.71	58.11	58.11	58.11	58.11			
Special Education	76.50	81.50	83.50	84.00	84.00	98.50	98.50			

THE DISTRICT ATTORNEY'S OFFICE

We have a great group in the District Attorney's Office. Theresa Wetzsteon has taken on the role of department manager/administrator in a way prior District Attorneys did not. As a result, there has been a lot more thinking about how the department can best serve the public with the resources they have. They do important work and unfortunately are caught in a poor organizational structure with some of the employees being State employees and others being County employees and the State providing much of the office technology which needs to interface with the County's new law enforcement software.

The structural issue makes a lot of things more difficult. But right now I mean to focus on the interaction of the State budget calendar, human resource system and County's budget and human resource systems.

Some of the issues that arise because of the interaction of the two financial and personnel systems are:

- The concept has been that the State funds the attorneys and the county funds the support staff including legal secretaries and victim witness staff. The problem has been that the State was unwilling to fund the number of attorneys needed to protect public safety in Marathon County. Thus, for the past 2 budgets the County has funded 2.5 Assistant District Attorney (ADA) Positions.
- The State determines the salaries of the Assistant District Attorneys (ADAs) and for way too long they have low starting salaries and failed to fund pay progression. As a result, new employees are paid outrageously low. This has resulted in high turnover. Since 2002, we have had 40 prosecutors (ADAs) end their employment in the DA's Office and 22 departures since 2010. (For illustration: A new ADA position in 2020 will be less expensive than the proposed new paralegal position that supports the Attorneys.)
- The State Legislature in this year's budget allocated 4.5 "new" ADA Positions to Marathon County. If received, this would have saved the County \$163,144 from the 2.5 ADA positions previously funded by the County being converted to State funded positions, plus it would have provided Marathon County with two (2) additional prosecutors. However, the Governor intervened after the Legislature passed the budget and we received one of the additional state funded prosecutors but the second new position was allocated elsewhere in the State.

This all sounds great, until you realize that we had 7.5 ADAs funded by the State and 2.5 funded by the County and now we will have 11 ADAs all funded by the State but **the State's own analysis suggests that our County's need is for 18 ADAs.**

- The District Attorney was only notified of the Governor's decision on ADA allocation last week. The County's new position request and evaluation process starts in the spring and involves Administration evaluation, Standing Committee evaluation, and HR and Finance Committee evaluation before any of the budget decisions are made. The State's decision came late in our process and as a result we all have to scramble to figure out what needs to be done to keep our commitment to the State ***to provide the necessary office space and support staff for the prosecutors to be successful.***

When we increase the speed of criminal cases working through the courts so does our need to provide services required under **Chapter 950- Rights of Victims and Witnesses of Crime**. This includes services articulated in the **Bill of Rights for Victims and Witnesses** such as:

- To attend court proceedings and to be kept well informed about the progress of the case and court schedules with regard to case(s) that they are involved in.
- An opportunity to make an impact statement to the court.
- To receive protection from harm and threats of harm arising out of their cooperation with law enforcement and prosecution.
- To be provided waiting areas free of intimidation and emotional support during court proceedings.

To accommodate the additional workload that will develop as a result of one additional ADA prosecuting cases the District Attorney proposes that an Administrative Specialist position be eliminated and that a new Victim Witness Specialist position be created. This will incur an additional cost of \$4,435 which is in the 2020 budget recommendation. The tradeoff is that the department will no longer have a receptionist and we will rely on a bell in the lobby to notify staff of visitors physically present and a phone tree and voicemail for incoming calls.

This budget also upgrades a Legal Secretary position to Paralegal at a cost of \$14,592 which is offset by new revenues from the County Administrator Organizational Excellence Program

https://www.americanbar.org/groups/paralegals/profession-information/information_for_lawyers_how_paralegals_can_improve_your_practice/

The purpose of this position is to make the attorney and the whole office more efficient. Most large law offices have paralegal staff and they do work that would normally be performed by a lawyer, as long as the lawyer supervises the work such as:

- Conduct factual and legal research.
- Prepare documents for legal transactions.
- Draft notices.
- Interview clients and witnesses.
- Assist the prosecutor at trials.

The District Attorney has two new position requests that are not met in the 2020 budget Recommendation.

1. The creation of a Legal Secretary position. The upgrade of a Legal Secretary Position to Paralegal has addressed one issue but left the department short on Legal Secretaries.

The cost of a Legal Secretary position is \$76,099. (Midpoint with Family Health Care)

2. The creation of another ADA position, funded by the County.

The cost of the position is approximately \$80,000. (In the State's pay plan, thus harder to get an exact figure.)

We can easily make the argument that the delineation of responsibilities is clear the State funds the prosecutors and the County provides the support staff. That's great, but the reality is that we need 18 prosecutors and if we don't approve this position we are only going to have 12 prosecutors.

The need for prosecutors may increase in the next decade, but I think we can be safe in saying that ten years from now the state will still only be funding 12 prosecutors in Marathon County. Saying that the State should have done more may put us on a moral high ground but it will not help move criminal cases in Marathon County.

Marathon County has 16 FTE support positions in the District Attorney's Office, all of which are funded for 2020:

District Attorney's Office - Position FTE As Of Payroll Ending 10/5/19

	Position Title	FTE
1	ADMINISTRATIVE COORDINATOR	1.000
2	ADMINISTRATIVE COORDINATOR	1.000
3	ADMINISTRATIVE COORDINATOR	1.000
4	ADMINISTRATIVE COORDINATOR	1.000
5	ADMINISTRATIVE COORDINATOR	1.000
6	ADMINISTRATIVE COORDINATOR	1.000
7	ADMINISTRATIVE SPECIALIST	1.000
8	EXECUTIVE ADMINISTRATIVE COORD	1.000
9	LAW ENFORCEMENT & CORR ANALYST	0.500
10	LAW ENFORCEMENT & CORR ANALYST	0.500
11	SENIOR IT SPECIALIST	1.000
12	SOCIAL SERVICE PROFESSIONAL	1.000
13	SOCIAL SERVICE PROFESSIONAL	1.000
14	SOCIAL SERVICE SPECIALIST	1.000
15	SOCIAL SERVICE SPECIALIST	1.000
16	SOCIAL SERVICES COORDINATOR	1.000

I think that the new position requests are reasonable and will have the benefit of improving efficiency and make it possible for prosecutors to participate in an array of justice alternative program and move cases along faster which may have many benefits, including reducing unnecessary jail holds and potentially reducing our cost for housing prisoners in other counties.

I have not funded the two new position requests because I understand the County Board's priority to be Telecommunication Positions, created in anticipation of opening a new police channel. Unfortunately this year more than most, there is only so much money to go around.

EMPLOYEE HEALTH INSURANCE

Employee Health Care is a major expense. We paid as much as \$951,038 and as low as \$925,257 per month to our health care provider, Group Health Trust. (Payments vary depending on employee selections and the number of vacant positions.) Since 2015, we have not had a premium increase of more than 5%, while medical inflation trending about 6% many of those years. Further, we had 6 years where we received no increase at all, or a reduction in premium!

Well...nothing last forever. In preparing for this budget, we relied upon early claims data and projected a 3% increase in premium rates. With more money coming in for out-of-home placements and highways, things were looking pretty good.

But then it happened! Kim Hurtz, GHT Executive stopped by with our renewal rates and she said:

- We had some high claims months in the summer.
- The actuaries looked at our data and recommended a 12% increase.
- Kim worked with the actuaries and was able to reduce the rate increase to 9%.
- Kim and I talked and I told her that Marathon County cannot afford a 9% rate hike. We agreed to find plan design changes that will reduce the rate increase to 5%. (5% of \$12,000,000 is still \$600,000, which is better than \$1,080,000!)

I have not yet received Kim's recommended plan changes but she is confident that working together we can make it happen. These plan design changes will not be popular but we will still have a high quality benefit to offer our employees. We are going to do this, not because we want to, but because we have to.

The County Board will not have to get involved in the plan design changes, the staff will make those decisions and we will do a careful job in communicating both the changes and the context of why the changes needed to be made to employees. Prior to Act 10, any changes to the health plan would have had to be negotiated with employee unions. But, since Act 10, ten (10) of the County's bargaining units are now gone, which leaves us with only one employee union to bargain with, the Deputy Sheriff's Association. But even there, plan design is not a legal subject of bargaining and is subject to unilateral action by the County.

We had already planned for an increase in the employee contribution from 12.6% to 15% but now more will have to be done to reduce the cost to a level we can afford.

Even at 5% we cannot afford to do a few of the things I thought we might be able to do in this budget, like:

- Open a new police channel. I have found funding for 4 new Telecommunication positions because I know that this is a top priority of the board, but we need 6 new positions to open a new the channel.
- Create a new **legal secretary** position in the District Attorney's Office.
- Repay the working capital fund a quarter of the \$1,625,438 that was spent in 2018 to fund dramatic increases in correctional costs, justice alternatives program expansions including a drug court and an increase in out-of-home placements. When we receive settlement dollars from the opioid lawsuit, they should use to repay the working capital fund as the expenses that caused the money to be withdrawn were related to the opioid crisis.

If we could raise taxes, I would recommend that we do so and fund all three of these things. But we can't, so it comes down to what do you want to do with the money we have to work with?

Just so you are clear on your choices:

1. You can opt not to make any changes in plan design and make cuts elsewhere in the budget to make up for the increased premium costs.
2. You can make greater use of plan design changes and drive down the premium costs enough to fund all or many of the priorities currently unfunded in the budget.

It's all a matter of tradeoffs. I recommend a balanced approach where some of the increase is accounted for by plan design and a little more than half is absorbed as a cost increase.

1983-84 may seem like a lifetime ago to you but it seems like yesterday to me. That year our premium was \$132 per month for the family plan and \$53.13 for a single plan. Now, we are being charged a premium of \$2,000.57 per month for a family and \$737 for a single plan!

Earlier in the year I may have stated that some proposed investment sounded like a good idea and funding was not expected to be a problem... but now it is not included in the 2020 budget. It is because the 5% health care cost increase alone ate up a big chunk of the available new funds we have to work with. That was a game changer, and not in a good way.

Nothing we are experiencing is unique to us. Last year I quoted Kyle Christensen of Wisconsin Counties Association and I will do so again:

At least 60 of the 72 counties will experience a higher increase in the cost of employee health insurance than the State imposed levy caps will allow them to take in in new tax levy. (October 5, 2018 WCUTA Meeting)

Health Insurance – History Of Premiums

Updated – September 25, 2019

Year		Self-Funded VS Fully Insured	SINGLE		Employee +1		FAMILY	
			Full Premium	% Increase	Full Premium	% Increase	Full Premium	% Increase
2020 -15% employee contribution (5% Wellness Incentive)	Aspirus	Fully Insured	\$709.40	5.00%	\$1,702.54	5.00%	\$2,000.57	5.00%
	Broad	Fully Insured	\$769.90	5.00%	\$1,849.40	5.00%	\$2,173.37	5.00%
2019 -12.6% employee contribution (3% Wellness Incentive)	Aspirus	Fully Insured	\$675.62	3.00%	\$1,621.47	3.00%	\$1,905.30	3.00%
	Broad	Fully Insured	\$733.24	3.00%	\$1,761.33	3.00%	\$2,069.88	3.00%
2018 -12.6% employee contribution (3% Wellness Incentive)	Aspirus	Fully Insured	\$655.94	-1.98%	\$1,574.24	-3.09%	\$1,849.81	-3.20%
	Broad	Fully Insured	\$711.89	-1.00%	\$1,710.04	-2.03%	\$2,009.58	-2.14%
2017 -12.6% employee contribution (3% Wellness Incentive)	Aspirus	Fully Insured	\$669.18	-2.50%	\$1,624.39	-2.50%	\$1,911.04	-2.50%
	Broad	Fully Insured	\$719.06	-2.50%	\$1,745.50	-2.50%	\$2,053.53	-2.50%
2016 -12.6% employee contribution	Aspirus	Fully Insured	\$686.34	-6.12%	\$1,666.04	-6.12%	\$1,960.04	-6.12%
	Broad	Fully Insured	\$737.50	0.88%	\$1,790.26	0.88%	\$2,106.18	0.88%
2015 -12.6% employee contribution		Fully Insured	\$731.08	0.00%	\$1,774.65	0.00%	\$2,087.81	0.00%
2014 -12.6% employee contribution		Fully Insured	\$731.08	12.80%	\$1,774.65	12.80%	\$2,087.81	12.80%
2013 -12.6% employee contribution		Fully Insured	\$648.12	5.29%	\$1,573.26	5.29%	\$1,850.89	5.29%
2012 -12.6% employee contribution		Fully Insured	\$615.55	-14.54%	\$1,494.20	N/A	\$1,757.88	-9.31%
2011 - 10% Non-represented; 5% union employee contribution		Fully Insured	\$720.31	5.44%			\$1,938.30	5.41%
2010 - 5% employee contribution		Fully Insured	\$683.14	10.87%			\$1,838.79	11.00%
2009 - 5% employee contribution		Fully Insured Group Health Trust (GHT)	\$616.15	4.00%			\$1,656.57	4.00%
2008 - 5% employee contribution		Self-Funded	\$592.45	16.00%			\$1,592.85	16.00%
2007 - 5% employee contribution		Self-Funded	\$510.73	4.00%			\$1,373.15	4.00%
2006 - 5% employee contribution		Self-Funded	\$491.09	6.00%			\$1,320.34	6.00%
2005 - 5% employee contribution		Self-Funded	\$463.29	12.00%			\$1,245.60	12.00%

Year	Self-Funded VS Fully Insured	SINGLE		Employee +1		FAMILY	
		Full Premium	% Increase	Full Premium	% Increase	Full Premium	% Increase
2004 - 5% employee contribution	Self-Funded	\$413.65	30.00%			\$1,112.15	30.00%
2003 - 5% employee contribution	Self-Funded	\$318.19	10.00%			\$855.50	10.00%
2002 - 5% employee contribution	Self-Funded	\$289.26	2.50%			\$777.73	2.50%
2001 - 5% employee contribution	Self-Funded	\$282.20	5.08%			\$758.76	21.63%
2000 - 5% employee contribution	Self-Funded	\$268.57	6.06%			\$623.83	6.69%
1999	Self-Funded	\$253.23	12.55%			\$584.71	11.41%
1998 (1/5/98 - County won arbitration award RE: Hwy Union and PPO benefit plan)	Self-Funded	\$225.00	27.01%			\$524.85	25.39%
5/1/97 (PPO benefit plan for all employees except for Hwy Union)	Self-Funded	\$177.15	-16.00%			\$418.59	-16.00%
1997	Self-Funded	\$210.89	47.51%			\$498.32	36.16%
1996	Self-Funded	\$142.97	-8.42%			\$365.97	-5.54%
1995	Self-Funded	\$156.11	5.69%			\$387.44	4.68%
1994	Self-Funded	\$147.71	-4.57%			\$370.12	-3.28%
1993 (100/300)	Self-Funded	\$161.61	-22.94%			\$399.61	-12.38%
1993 (200/600)	Self-Funded	\$154.78	-26.19%			\$382.67	-16.10%
1992	Self-Funded	\$209.71	1.00%			\$456.08	1.00%
1991	Self-Funded	\$207.63	53.12%			\$451.56	42.05%
1990	Self-Funded	\$135.60	20.00%			\$317.89	20.00%
1989	Self-Funded	\$113.00	20.00%			\$264.91	20.00%
1988	Self-Funded	\$94.17	12.15%			\$220.76	12.63%
1987	Self-Funded	\$83.97	20.87%			\$196.00	21.85%
1986	Self-Funded	\$69.47	19.71%			\$160.86	10.88%
1985	Self-Funded	\$58.03	9.22%			\$145.07	9.21%
1983-84	Self-Funded	\$53.13				\$132.83	

EMPLOYEE COMPENSATION

The budget funds a 2% increase in employee compensation (\$1,531,401). These funds will be applied to the performance based pay structure in place:

- Total County Payroll for 2020= \$65,761,790.
- Tax Levy Supported Payroll= \$36,168,985.

Our pay-for-performance plan continues to be hindered by a lack of adequate funding.

COUNTY BOARD COMPENSATION

Based upon Rule 21 of the County Board Rules we had budgeted \$6,052 for County Board pay increases in 2020 (3%). We have eliminated the increase, as suggested by the HR and Finance Committee, those funds have shifted to Broadband Start-Up Funding.

Costing Based on 2% Increase Effective 4/19/20 Through 12/31/20

		2% Increase	Full Year Increase	4/19/20 to 12/31/20 7.5 months
Chair	1	\$600	\$600	\$375
Vice Chair	1	\$110	\$110	\$69
County Board Members	30	\$110	\$3,300	\$2,063
Chairs of Standing Committees	6	\$110	\$660	\$413
Estimated Salaries			\$4,670	\$2,920
Estimated Salary Increase Based on 2% Increase Compared to 2019				
FICA Retirement Rate		6.20%		\$181
FICA Medicare Rate		1.45%		\$42
Worker's Comp - Municipal		1.78%		\$52
Estimated Salaries and Benefit Increase Based On 2% Adjustment on 4/19/20 Through 12/31/20				\$3,195

WORKER'S COMPENSATION

The cost of worker's compensation decreased by 46% causing a savings of \$536,983.

HIGHWAY PAVING AND BRIDGE PROGRAMS

We are planning to spend \$6,811,071 on highway paving in 2020.

Our policy had been to pave 30 – 32 miles per year. In 2020, we have a new approach, our paving crew will pave 26 miles of 10 year service roads and 15 miles of 20 year lifecycle roads. In this program, we fund \$3,121,383 with tax levy and we secure \$689,688 of project funds (County Highway Improvement Program and STP Rural) for the same purpose. (As a “rule of thumb” one mile of paving cost is \$225,000 for full depth replacement, 20 year and \$170,000 for 10 year lifecycle.)

We have estimated vehicle registration fees of \$3,000,000. (116,750 vehicles registered in Marathon County @ \$24.83 net to the County = \$2,898,903) Those fund will be used to partially fund the 2020 County road paving program.

Additionally, we plan to replace three (3) bridges in 2020 with funding to come from bonding:

- CTH M, Fenwood Creek \$250,000 (This represents the County’s 20% cost share. There is an additional 80% which will be paid by the federal government.)
- CTH Y, Plover River \$176,980 (Again this is just the County’s 20% cost share and the rest is paid by the federal government.)
- CTH G, Trappe River \$299,305. The County pays the full cost of this project.

PARK DEPARTMENT SMALL CAPITAL PROJECTS

A number of our park facilities were built during the Great Depression Era and just like an old house many of these facilities are in constant need of upgrades. Several year ago we started the practice of setting aside \$100,000 to get the most important small capital projects done. In 2020, we will:

1. Replace South Fence at Marathon Park- \$26,000
2. Reset loose stones, replace missing stones on the steps to overlook at Dells of the Eau Claire Park- \$19,000
3. Repair Main Shelter Fireplace and wall pilings at Dells of the Eau Claire Park- \$18,500
4. Construct walking/cart path connecting concession area to the north end of the complex- \$10,500
5. Utility mapping at Marathon Park- \$8,000
6. Boiler line replacement at Nine Mile recreation area- \$6,500
7. Drinking fountain mounted on building for mountain bikers, hikers at Nine Mile- \$3,600

High Bridge Deck Replacement at Dells of the Eau Claire Park- \$ waiting on a quote

START RIGHT

Start Right is a program unique to Marathon County, which provides education and home visits to at-risk families with newborn children. The program costs \$1.7 million dollars. \$500,000 comes from grants, local foundations funding and Badger Care reimbursements and \$1.2 million dollars is County tax levy.

http://www.co.marathon.wi.us/Portals/0/Departments/HLD/Documents/MCHD_AnnualReport.pdf?ver=2019-06-19-144325-907

In a nut shell, here are the major components of the Start Right Program:

- “First Steps” – A public health nurse provides education and care coordination to women during their pregnancy and to families with a newborn baby.
- “Step-by-Step” involves outreach to families who could benefit from intensive one-on-one parent education. A parent educator, employed by Children’s Services provides education with emphasis on parent-child interaction, child development and early learning.
- “Stepping Stones”- A parent educator provides parenting and child development to parents over the phone, by e-mail, or by visiting a Family Resource Center.
- “Stepping Out” involves Family Resource Centers in the communities of Athens, Edgar, Hatley, Marathon, Mosinee, Spencer, Stratford and Wausau. “Play N’ Learn” is offered at the centers which focuses on parent-child interaction. Additionally, center staff are looking for indications that the family might benefit from other community offerings.

The County’s investment in Start Right is intended to reduce costs elsewhere in the County budget including:

- Child Abuse and Neglect
- Foster Care and out-of-home placements
- Mental health services and interventions
- Arrests and incarcerations

The Health Department 2018 Annual Report has, starting on page 27, a full explanation of the program and a summary of the outcomes achieved. Use the link provided above to access that report.

BROADBAND EXPANSION

The County's Strategic Plan makes broadband expansion a top priority.

OBJECTIVE 8.7: Strive to provide affordable, reliable, high-speed internet access throughout the County

Melinda Osterberg, UWEX Educator, is coordinating the County's efforts to develop a Broadband Plan and Assessment for Marathon County. Design Nine from Blacksburg, VA was selected as the vendor to conduct the study. That report will be completed before the end of the calendar year.

The completed study will help us compete for grants to help build the basic infrastructure for Internet Service Providers.

The report will recommend a long term funding strategy that will involve some County tax levy earmarked for broadband improvements.

Grants are going can be a big part of first-phase build-out initiative. But we are warned that communities that rely too heavily on "the next grant" as a key source of expansion or operational funding usually experience severe financial problems.

I have budgeted \$56,052 for start-up funds for broadband expansion in 2020. The study is not yet far enough along that I can tell you specifically how these funds will be used.

FUNDING OF NON-PROFIT ORGANIZATIONS

County funding of non-profit organizations has been the source of controversy for 25 years.

The objection has always been- ***if you can't afford to fully fund mandated County services, why are you using County funds to support services provided by non-profits that can raise money in the community by other means?***

In 2018, we notified the non-profit organizations that they would be fully funded in 2019 but that consecutive 25% reductions in funding were possible starting in 2020.

I have stayed in close contact with the Executive Committee with regard to this issue. The 1st thing that they asked is that the non-profit programs funded by the County be evaluated using the same Priority Based Budgeting (PBB) Tools that we use on county administered programs.

We ran the programs through the PBB process and we learned that all the programs administered by the non-profits landed in Quadrant 4 except the 2-1-1 Program administered by United Way, Women's Community and the North Central Community Action Program which landed in Quadrant 3.

In a subsequent conversation, the Executive Committee recommended that **the 25% reduction in county funding for programs administered by non-profits be implemented in 2020.**

While all this was going on, three additional non-profit organizations explored the possibility of county funding with a Standing Committee of the County:

- The Public Safety Committee supported the idea of funding providing Wisconsin Judicare with \$15,000 to partially fund Mediation Services Project started in 2017 with a start-up grant. This program was supported by Judge Greg Strasser who told the committee that if the courts could be freed-up from landlord tenant cases, eviction cases, small claims appeals, voluntary restraining orders they could focus more on moving criminal cases along more quickly and as a result reducing our jail population.
- The Health and Human Services Committee was supportive of a homeless shelter for teens supported by a new non-profit organization called **Keeping Area Teens Safe (KATS)**. Later, however, the Corporation Counsel determined that the County could not directly fund this program but that it could contract for specific services from the group on behalf of teens needing the protection of the homeless shelter.
- The Extension, Education and Economic Development Committee was supportive of a proposal by the Marathon County Literacy Council but did not take any action on the matter other than to ask the Library Board to weigh in on the discussion. That request was for \$5,000 with the opportunity for a foundation match if county funding is approved.

The direction received from the Executive Committee with regard to new funding requests is that **funding could be transferred** from a Department recognizing a savings from the new community initiative but that no new funds should be allocated.

- The Sheriff agreed to reduce his out-of-county jail funding allocation by \$15,000 with the expectation that more judicial time focused on processing criminal cases will reduce the jail population. I will ask the Evidence Based Decision-Making Group to monitor in 2020 whether there is a savings of judicial time as a result of mediation.

With all that, here are my budget recommendations for non-profit organizations in 2020:

2-1-1 Information and Referral (United Way)	\$ 30,000
Crime Stoppers	\$ 3,750
Educational Bootcamp	\$ 30,000
Healthy Teens (Boys and Girls Club)	\$ 18,750
Historical Society	\$ 40,782
Marathon County Development Corporation	\$135,000
North Central Community Action Program	\$ 25,318
Partners for Progressive Agriculture	\$ 15,000
The Women’s Community	\$ 61,250
Wisconsin Valley Fair	\$ 15,000
Judicare Mediation Services Project	<u>\$ 15,000</u> (New)
Total:	\$389,850

ADULT DETENTION FACILITY (aka "JAIL") CENSUS

Things were going along well with our Jail right up to the late summer, our census was down about 15%. With the implementation of a new "hot sheet" inmate hearings were moving along much better and releases occurring sooner than before.

Then came the structural issues with the facility and the need to move inmates out of sections that were not safe. Well...you know that story.

The good news is that the facility's structural issues will be fully resolved before the end of the calendar year and, because of necessity, we will know the results of having more inmates out on a monitor than we had previously. Clearly home monitor is cheaper than out-of-county jail fees, the question is: **As we add participants with a higher risk level, what is the impact to public safety?**

The monthly average jail census in 2019 is 358.13. This is quite an improvement over last year's 392.67 and 2017's 401.75.

We are making progress but we have a way to go yet. Our Jail maximum capacity is 279 and our target census is 223.

Our cost to house inmates in out-of-county jails in 2020 is \$1,140,000. This is a great improvement from 2018 when our actual cost of out-of-county jail holds was \$1,479,643!

We project a \$120,000 increase in the cost of inmate medical and dental costs. That account will be \$1,030,375 in 2020. The increase can be attributed to the nursing shortage in Wausau and our provider having to pay more to attract staff.

One thing the Sheriff asked me to emphasize was that the jail census is the product of a "public safety system" where multiple players (Judges, District Attorney, Community Corrections, Justice Alternatives, NCHC, Police Agencies) need to work together to achieve a goal like reducing the jail population. Reducing the census in isolation is easy, doing so in a manner that strengthens public safety requires a thoughtful approach which focuses on the best interests of County residents, not just cost reduction. So far that public safety system is doing extremely well!

JAIL CENSUS

YEAR	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL	MONTHLY AVERAGE
2019	381	369	358	347	350	353	362	345					2865	358.13
2018	374	374	400	411	418	412	408	397	394	388	379	357	4712	392.67
2017	400	413	399	441	394	399	422	423	404	379	372	375	4821	401.75
2016	351	359	348	358	361	371	380	371	401	410	398	395	4503	375.25
2015	327	329	345	365	356	337	328	331	338	337	340	339	4072	339.33
2014	343	349	342	352	341	342	347	341	344	347	358	329	4135	344.58
2013	352	362	348	343	346	374	371	362	358	366	367	348	4297	358.09
2012	310	306	305	326	327	322	327	341	334	345	336	339	3918	326.50
2011	287	293	305	303	298	305	298	301	298	293	294	290	3565	297.09
2010	303	298	298	312	302	296	303	312	300	302	292	284	3602	300.16
2009	303	315	326	317	334	335	326	339	338	324	326	315	3898	324.84
2008	336	340	350	346	347	359	346	355	352	359	354	328	4172	347.67
2007	326	326	330	319	322	334	326	323	341	357	349	334	3987	332.25
2006	357	361	381	387	376	375	366	344	350	337	327	317	4278	356.5
2005	304	300	315	337	324	337	353	339	327	353	357	361	4007	333.92

There are no easy answers to the jail census challenge, but we have a number of important initiatives underway including:

- Expanded house arrests
- Operating While Intoxicated (OWI) Court
- Drug Court
- CART team pairing police officers and mental health professionals to better address mental health related problems, so that the Jail doesn't become the default option.

All these initiatives are funded in the 2020 budget.

OUT-OF-HOME PLACEMENT OF CHILDREN

In 2020, we will spend more than 6 million dollars placing children needing protective services and in the youth justice system in the community or in an institution of care.

Placement Type	Actual	10 year	Budgeted	Average Placement Cost	2020 Budgeted Placement Cost	2019 Budgeted Placement Cost	Difference Between 2019 and 2020 Budgeted Placements
Correctional Care	1	2	2	\$198,024	\$ 396,048	\$ 144,900	\$251,148
Residential Care Center	10	15	11	174,162	1,915,782	1,734,196	181,586
Group	5	10	10	83,182	915,000	1,006,424	(91,424)
Treatment Foster Home	17	12	18	48,331	966,627	877,686	88,941
Specialized Foster Home	13	16	14	19,979	279,705	276,760	2,945
Foster Home	92	67	96	10,237	982,734	773,495	209,239
County Kinship	35	31	54	3,048	164,592	207,888	(43,296)
Long-Term Guardianship-Kinship	55	N/A	60	3,048	182,880	161,040	21,840
Voluntary Kinship	22	74	39	3,048	118,872	114,192	4,680
Subsidized Guardianship	9	4	11	14,435	158,787	239,352	(80,565)
Foster Care to 21	0	NA	0	0	-		
TOTAL	259		318		\$6,081,027	\$5,535,933	\$545,094

This represents a \$545,094 increase from the budget for 2019. This is \$179,844 less than the amount recommended by the Social Services Board as it reduced the budget for Group Home Care by 1 and Treatment Foster Care by 2. This is a risk, as placements are driven by the needs of children and families, not by the budget.

FUNDING OF REGIONAL GOVERNMENT ENTITIES

1. The County’s funding of the City-County-NCHC Technology Department is \$1,673,535, a 2.6% increase over 2019. By agreement the County Board cannot reduce the amount contributed for technology support. The new budget includes increased investments in data security.
 - a. County Share of Operating Expense \$1,241,137
 - b. Share of City and County Operating Expense \$ 323,309
 - c. Share of Capital Expense \$ 4,333
 - d. Share of Qualtrics \$ 2,127
 - e. Marathon County Direct Expenses \$ 157,633
 - f. Less Other Revenue Sources (\$ 55,004)

2. Funding for the ADRC-CW is the same as it was when the regional entity was created, \$395,367. New in 2020, are the funds transferred by NCHC for Adult Protective Services (\$398,991)
3. Funding in the form of County tax levy, for North Central Health Care is the same as it was in 2019. In 2022 it is \$4,382,212 minus funds transferred to ADCR-CW for Adult Protective Services (\$398,991) and funds transferred to Special Education for the Birth to Three program (\$513,729).

SHARED SERVICES	
Hospital Psychiatry	\$ 389,630
Crisis	1,364,121
Contract Services	664,096
TOTAL	\$ 2,447,867

MARATHON COUNTY ONLY PROGRAMS

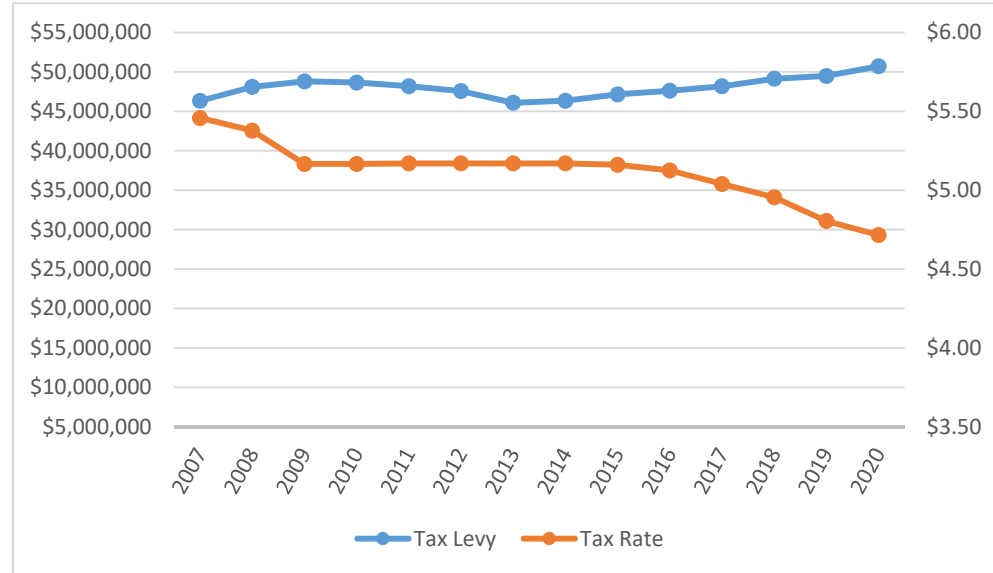
North Central Health Care operates a number of programs directly for Marathon County that require tax levy support to operations. The largest program is Mouny View Care Center (MVCC).

Community Corner Clubhouse	\$ 92,000	
Aquatic Therapy Pool	342,345	
MVCC – Long Term Care	428,000	} \$1,500,000
MVCC – Legacies Dementia Care	1,072,000	
TOTAL	\$1,934,345	

- A. Funding for our membership in the North Central Regional Planning Commission continues to be \$43,000 and is incorporated into the budget.

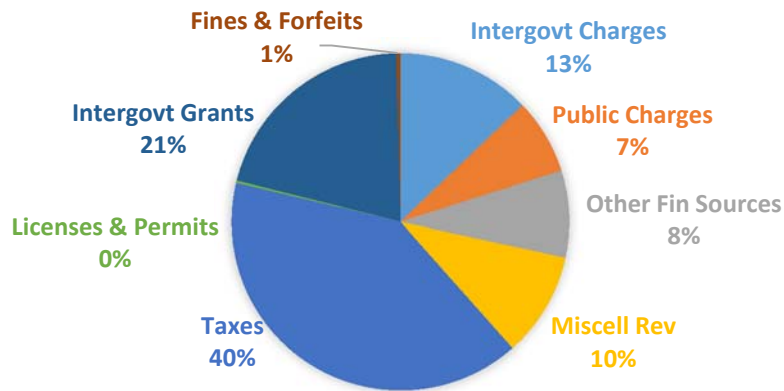
Tax Levy & Tax Rate

Budget Year	Tax Levy	Tax Rate
2007	46,326,948	5.4574
2008	48,093,638	5.3775
2009	48,793,927	5.1665
2010	48,653,812	5.1665
2011	48,191,420	5.1700
2012	47,573,011	5.1700
2013	46,090,851	5.1700
2014	46,340,765	5.1700
2015	47,152,340	5.1613
2016	47,608,889	5.1252
2017	48,180,111	5.0398
2018	49,135,092	4.9549
2019	49,489,841	4.8047
2020	50,711,295	4.7160



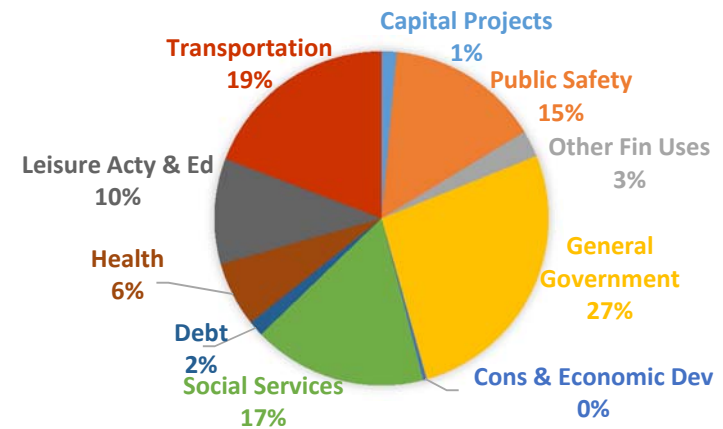
Revenue & Expense Budgets by Category

2020 RECOMMENDED BUDGET REVENUES



\$171,013,605

2020 RECOMMENDED BUDGET EXPENSES



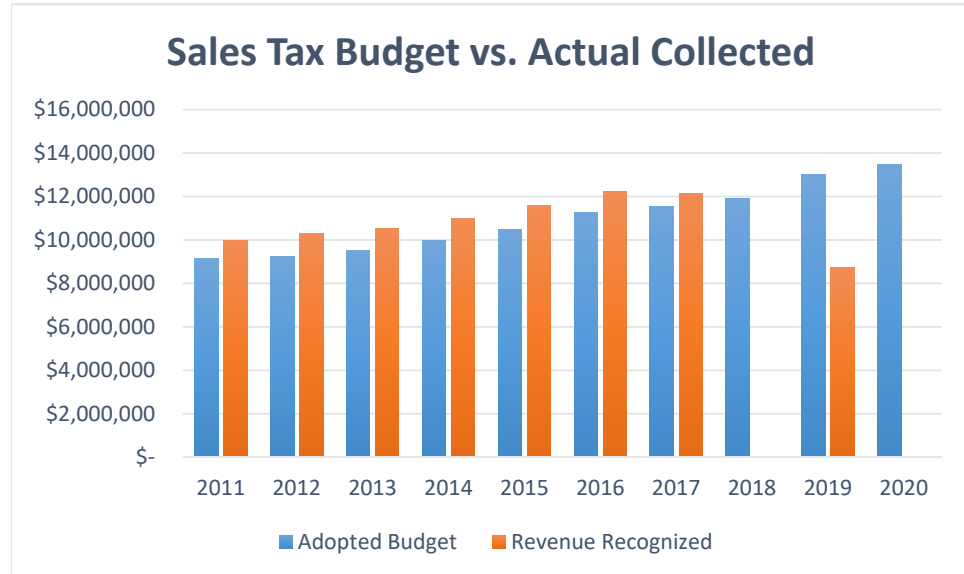
\$171,013,605

Sales Tax

Marathon County has collected sales tax since 1987. The main portion of the annual sales tax collection is used in the regular operating budget for the county. We project a \$479,000 increase in sales tax collections in 2020.

Budget Year	Adopted Sales Tax Budget	Actual Sales Tax Collected
2011	9,150,000	9,998,265
2012	9,150,000	10,311,949
2013	9,500,000	10,555,003
2014	10,000,000	10,977,152
2015	10,500,000	11,592,871
2016	11,293,400	12,223,836
2017	11,550,000	12,157,767
2018	11,900,000	12,622,576
2019	13,000,000	8,727,531 *
2020	13,479,000	-

*Actual collected at 8/31/19



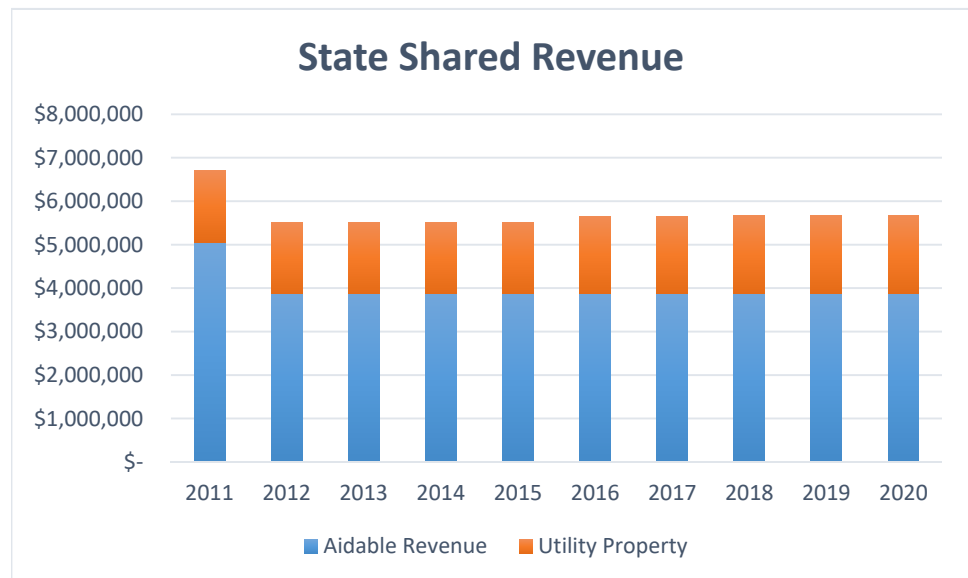
State Shared Revenue

Chapter 79 of the Wisconsin Statutes establishes several broad objectives in the state shared revenue formula:

1. Counties use state shared revenues to finance local expenditures which in turn reduces the amount needed to be raised from property taxes thereby providing property tax relief.
2. Compensate local units of government for taxes on certain public utility property that is not taxed locally.

An annual ad valorem payment for utility property that is located in the county that is taxed by the state is included in the formula. The largest portion of the formula is based on aidable revenues. In 2010 with Weston 4 on-line the utility portion has dramatically increased.

Budget Year	Aidable Revenue	Utility Property	Total Shared
2011	5,056,841	1,646,587	6,703,428
2012	3,877,717	1,639,989	5,517,706
2013	3,877,717	1,643,222	5,520,939
2014	3,877,717	1,637,762	5,515,479
2015	3,877,717	1,644,525	5,522,242
2016	3,877,717	1,776,433	5,654,150
2017	3,877,717	1,776,433	5,654,150
2018	3,877,717	1,793,508	5,671,225
2019	3,877,717	1,790,455	5,668,172
2020	3,877,717	1,790,455	5,668,172



Fund Balance Policy

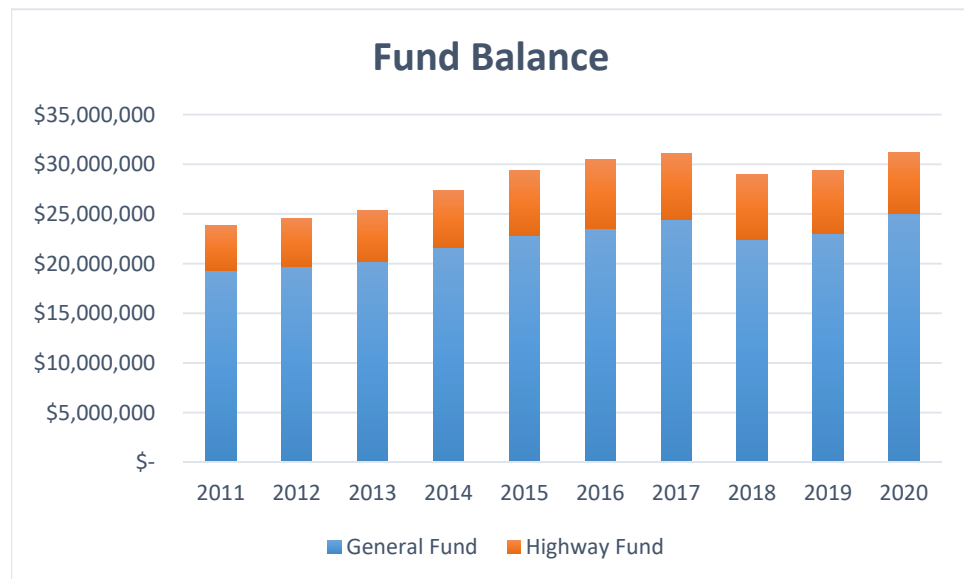
In 1989 the County Board adopted a policy for retaining working capital. This formula sets the minimum requirement for available funds on hand. This dollar value, which approximates 8.5% of the operating budget (10% of the Highway budget) is the basic minimum level of funding set by the county to ensure a sufficient cash flow balance.

The Working Capital Designation looks at two different types of funds that need to be included in the formula. The two types of funds are:

1. The General Fund
2. Any fund requiring tax levy for support

The following chart shows the history:

Budget Year	General Fund	Highway
2011	19,334,963	4,492,611
2012	19,732,613	4,855,177
2013	20,189,885	5,215,070
2014	21,649,074	5,736,931
2015	22,883,813	6,497,983
2016	23,510,697	6,993,356
2017	24,466,583	6,588,118
2018	22,391,145	6,588,118
2019	23,044,282	6,375,143
2020	25,044,014	6,191,987



5-Year Capital Improvement Program (CIP)

The County adopted its first five year C.I.P. in 1991, and continues to do so every year. Capital projects included in the CIP are defined as:

1. An expenditure that is for a County department, operation or in the best interest of the County
2. Generally non-recurring
3. Has a cost of over \$25,000
4. Has a service life of 7 years or more
5. Rolling stock and equipment replacement that is of critical importance to the functioning of the department involved

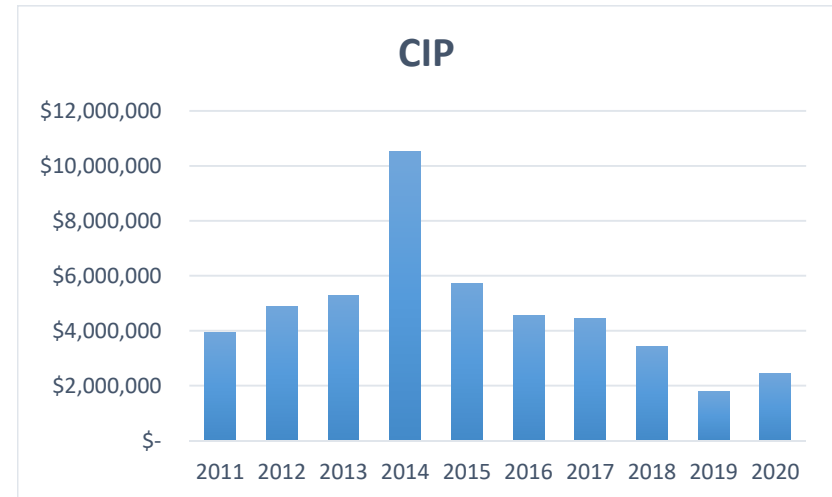
Major sources of funding are:

1. Prior year fund balance
2. Current year tax levy
3. Bonding (borrowing)
4. Revenues from enterprise funds (fees) to cover the cost to acquire replace or expand current capital needs

Using prior year undesignated fund balance allows for flexibility in the capital improvement process, provides stability to the tax rate because the unspent fund balance is not used to offset following years operating needs, and provides much needed funds for capital projects without borrowing. With this policy in place the departments are required to use only current revenues to finance their current operating needs. The following charts show the history of the funding used to finance capital projects. In 2004 the County Board formally adopted the CIP funding policy which states that undesignated funds remaining in the budget after the working capital formula is completed, are transferred, in the year following the audit to the capital improvement program. The County has avoided borrowing for many projects by having this policy in place.

For the 2020 CIP budget, we allocated approximately \$2.4 million in fund balance, much of which came from undesignated fund balance remaining at the end of 2018.

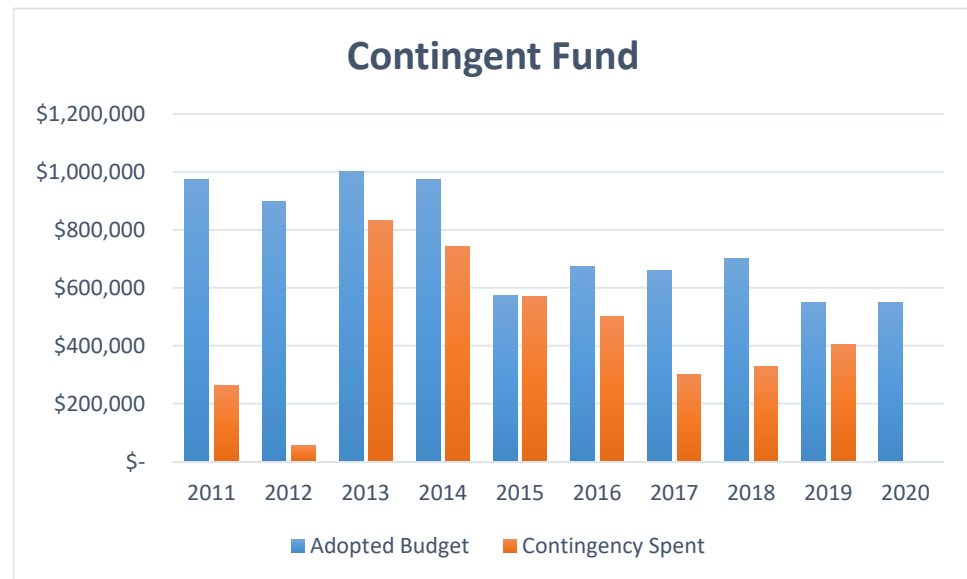
Year	CIP (Fund Bal. Transfers)	Year	CIP (Fund Bal. Transfers)
2011	3,925,026	2016	4,566,529
2012	4,883,932	2017	4,448,447
2013	5,300,089	2018	3,426,108
2014	10,521,395	2019	1,793,920
2015	5,707,032	2020	2,445,259



Contingent Fund

For many years Marathon County had in place a Contingent Fund Policy which set the Fund at approximately .7% of the gross operating budget for the year. In 2003 the policy changed slightly, setting the Contingent Fund at a “base” amount of \$700,000, and adjusting it based on the CPI each year (Consumer Price Index) only if needed. I am recommending that \$50,000 of the Contingent Fund be made available in 2020 to be used by the Finance and Property Committee for special funding requests and that the total fund for 2020 is \$550,000 which is the lowest level in the past 10 years.

Budget Year	Contingent Fund Budget	Contingent Fund Spent
2011	975,000	262,600
2012	899,500	54,902
2013	1,000,000	832,981
2014	975,000	744,368
2015	572,086	570,000
2016	675,000	500,000
2017	658,693	300,000
2018	700,000	328,000
2019	550,000	405,435 *
2020	550,000	-



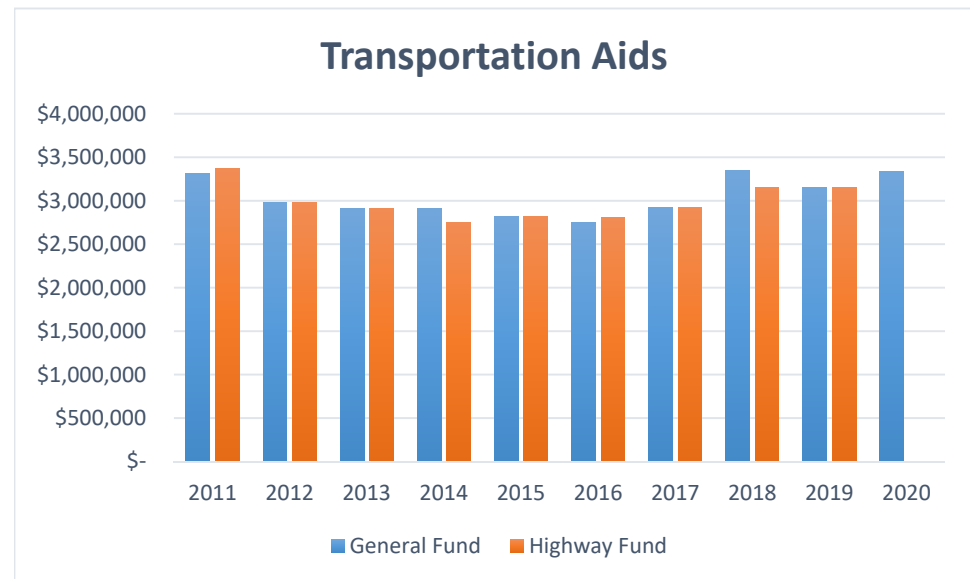
*Estimate at 9/30/19

Transportation Aids

Marathon County is entitled to a share of revenue collected for transportation purposes (gas tax) and distributed by the State of Wisconsin. The County's share of such revenue is based on formulas set forth under Section 86.30(9). The County's share of transportation revenues provides for fundamental transportation needs including maintenance, operation, and construction of safe local roads.

Year	Budget	Actual
2011	3,316,942	3,366,220
2012	2,985,247	2,985,247
2013	2,908,230	2,914,009
2014	2,914,009	2,750,997
2015	2,820,570	2,820,570
2016	2,748,168	2,803,131
2017	2,921,132	2,921,133
2018	3,345,441	3,154,121
2019	3,155,341	3,155,341 *
2020	3,338,202	-

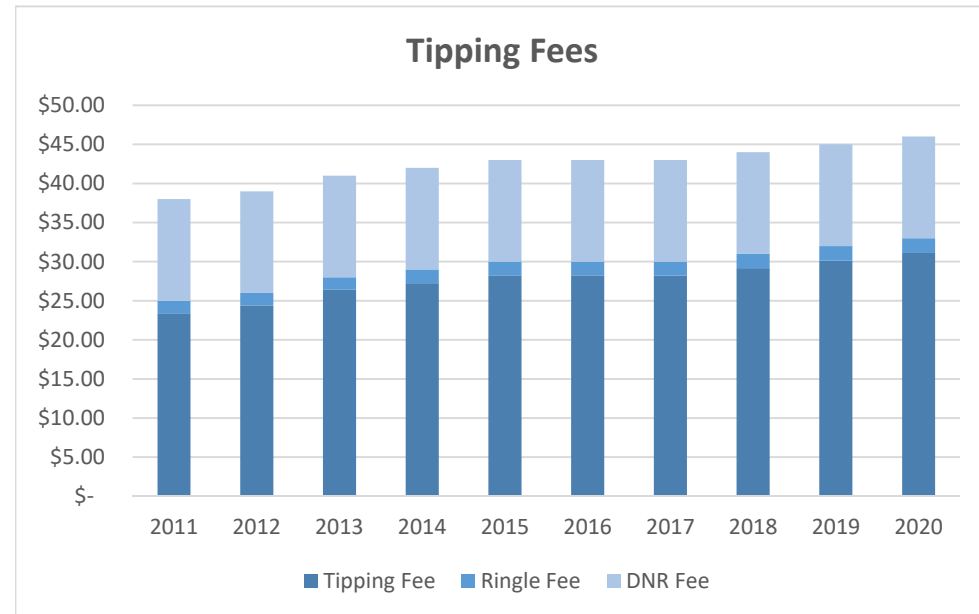
*Estimate



Tipping Fee/Surcharge Usage

Wisconsin Statute 59.70 (2) authorizes the county to create and operate a solid waste management system. For Marathon County the site is located in Ringle. The landfill is solely operated by the revenues derived from the tipping fee (history is listed below) and has never needed tax levy.

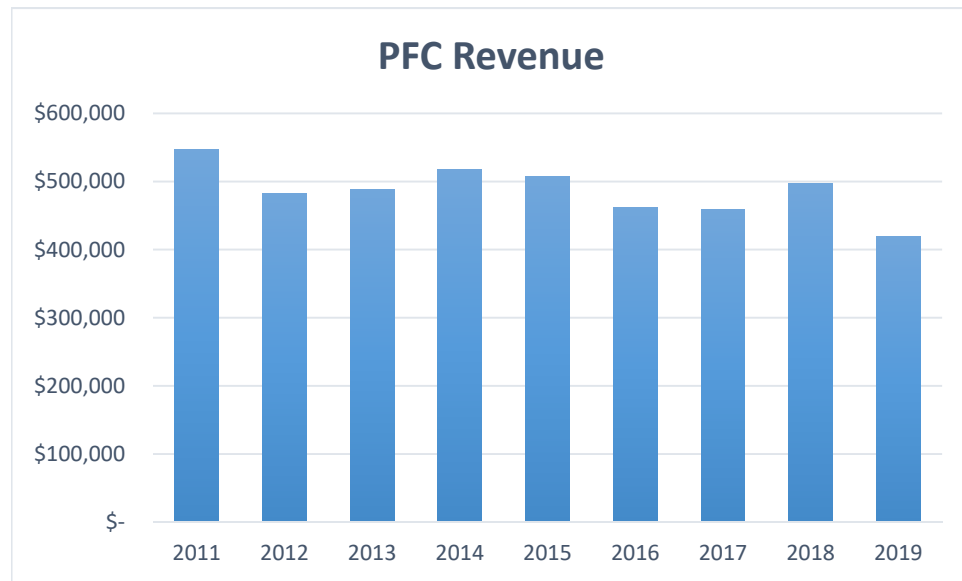
Per Ton Fees				
Year	Tipping Fee	Ringle Fee	DNR Fee	Total
2011	23.40	1.60	13.00	38.00
2012	24.40	1.60	13.00	39.00
2013	26.40	1.60	13.00	41.00
2014	27.24	1.76	13.00	42.00
2015	28.24	1.76	13.00	43.00
2016	28.24	1.76	13.00	43.00
2017	28.21	1.79	13.00	43.00
2018	29.18	1.82	13.00	44.00
2019	30.14	1.86	13.00	44.00
2020	31.11	1.89	13.00	46.00



Central WI Airport Passenger Facility Charge

Congress passed legislation in 1991 allowing airports to collect Passenger Facility Charges (PFCs) and that provision went into effect when the bill was signed into law in 1991. As of September 1, 2007, the PFC charge has been raised to \$4.50, which allows CWA to collect additional revenue for specific airport development projects. We continue to partner with Portage County to support the airport and determine the type of development needed in our regional airport that serves the entire Central Wisconsin area.

Year	PFC Revenue
2011	547,403
2012	481,846
2013	488,954
2014	517,290
2015	507,925
2016	462,342
2017	458,866
2018	497,089
2019	419,322 *



*Through 9/30/19

SUMMARY OF KEY CHANGES IN THE 2020 BUDGET AND A PREVIEW OF THE 2021 BUDGET

Here are some of the highlights: on the 2020 budget and a preview of what we can expect for 2021:

- Most department budgets are increased 3% or less.
- The 2020 budget is balanced without spending down any working capital reserves. But we still have no plan to repay the \$1,625,438 used to balance the 2018 budget or the \$600,000 of non-capital expenses associated with the Jail Structure Repair.
- The 5% increase in employee health insurance made balancing this budget more difficult.
- We received more money for child abuse and neglect services but we also project a \$545,094 increase in out-of-home placements. Out-of-home placements of children, including drug endangered children, continues to represent a major expense related to a drug epidemic in Marathon County.
- We receive more General Transportation Aids from the State but our project specific funds went down from \$2,067,337 to \$659,680. (CHIP and STP Rural Funds)
- There is funding for 4 new dispatcher positions. 2 starting late in 2019 and 2 starting after July 1, 2020. It takes 6 positions to open a new police channel but finding sufficient funding for 6 new positions all at once, with all our other needs, seems to be a bridge too far.
- We will pave 25 miles of 10 year service roads and 15 miles of 20 year lifecycle roads in 2020. That \$6,811,071 cost is augmented by \$3,000,000 in vehicle registration fees.
- Broadband expansion will get a big boost in 2020 as we will be prepared to compete successfully for grants for needed infrastructure. We have \$56,052 of start-up funds allocated to broadband expansion.
- The process of phasing out county funding to non-profit agencies has begun.
- The trend of borrowing more for capital expenses continues; 15 years of levy limits have left us little choice.
- When, and if, we get any funds from the opioid lawsuit against the pharmaceutical manufacturers, it should be used to replenish the working capital account. (Think of what would have happened if we didn't have a working capital account when the Jail structural issues emerged.)

- Our financial future is uncertain but a couple of trends can be anticipated:
 - We are not going to be free of State imposed levy caps anytime soon. We can't increase tax rates. In fact, we have to reduce them.
 - Our capital needs far exceed the fund balance brought forward from a prior year. We are not really saving money by postponing maintenance.
 - We need to have a discussion with our legislators about how the levy caps are having the unintended consequence of pushing us to borrow for things that meet their definition of capital assets but are really regular maintenance projects.
 - Borrowing for capital is the new norm and while it helps escape the levy caps, it also increases our true cost of providing services.
 - Sales tax revenue has gone up recently but you can't rely on a strong economy forever.
 - State aids have gone up in some areas but if the economy goes into recession, that progress will slow.
 - We have to get better about routinely evaluating our user fees. We are going to talk about this in December.
 - None of our major expenses (public safety, child welfare, transportation infrastructure) is reducing in cost and our "cost-to-continue", just doing what we did the prior year, exceeds our increases in intergovernmental funds and property taxes.