

Finance Report to Executive Committee

May 1, 2019

Update on Property Tax Revenue Generated by New Construction

Property Tax Revenue Generated by New Construction

Property Tax Revenue Actually Generated by New Construction	\$ 583,699
Property Tax Revenue Budgeted for New Construction	(570,000)
Property Tax Revenue Above that Which was Budgeted for New Construction	\$13,699

**Update on Fiscal Year 2018:
Additional Expense Accrued
as Result of Arbitration
Award for Sheriff's
Correctional Officers &
Potential Arbitration
Award for Deputies**



Additional FY18 Expense Accrued

Since we have received an arbitration award for the Sheriff's Correctional Officers that is retroactive to the start of Fiscal Year 2018, we are required to accrue the estimated portion of this expense that pertains to Fiscal Year 2018.

FY18 Cost of Sheriff's Correctional Officer's Arbitration Award to Accrue

	<u>FY18 Retro Calc</u>	
	FY18 Actual	2.5% Increase
Wages	8,516,887.26	212,922.18
Overtime	804,570.70	20,114.27
Total Wage Increase		233,036.45
FICA FY19 Rate	7.65%	17,827.29
SLEP FY19 Rate	18.62%	43,391.39
Total Cost of Wage Increase		294,255.13
	\$1000 per Yr	Additional \$500
Uniform Allowance	108,000.00	54,000.00
FICA FY19 Rate	7.65%	4,131.00
Total Cost Uniform Allowance		58,131.00
Total Cost of Increase to Accrue as FY18 Expense		352,386.13



Additional FY18 Expense Accrued

Since it is more likely than not that we will receive a similar arbitration award for the Sheriff's Deputies, we are required to also accrue the estimated portion of probable expense that will pertain to Fiscal Year 2018.

FY18 Cost of Sheriff's Deputies

Potential Arbitration Award to Accrue

	FY18 Retro Calc	
	FY18 Actual	2.5% Increase
Wages	5,701,471.47	142,536.79
Overtime	443,384.02	11,084.60
Total Wage Increase		153,621.39
FICA FY19 Rate	7.65%	11,752.04
SLEP FY19 Rate	18.62%	28,604.30
Total Cost of Wage Increase		193,977.73
	\$1100 per Yr	Additional \$500
Uniform Allowance	86,350.00	39,250.00
FICA FY19 Rate	7.65%	3,002.63
Total Cost Uniform Allowance		42,252.63
Total Cost of Increase to Accrue as FY18 Expense		236,230.36

Impact of Accrued Expense on Allocation to Property Tax Freeze Protection Fund

FY18 Cost of Sheriff's Correctional Officers Arbitration Award	\$ 352,386
FY18 Cost of Sheriff's Deputies Probable Arbitration Award	236,230
Total Additional Expense Accrued to Fiscal Year 2018	<u>\$ 588,616</u>

General Fund Excess Revenue over Expenditures is therefore reduced by **\$588,616** as a result of this accrual of additional expense.

Original Allocation to Property Tax Freeze Protection Fund	\$3,570,000
Reduction to Allocation to Property Tax Freeze Protection Fund	(588,616)
Revised Allocation to Property Tax Freeze Protection Fund	<u>\$ 2,981,384</u>

Estimated Total Costs of Arbitration Awards and Collective Bargaining Agreements

Estimated Cost of Correctional Officer's Arbitration Award

	FY18	FY19	FY20	Total
	2.50%	2.25%	2.00%	FY18-FY20
Salaries & Wages	212,922	435,012	624,732	1,272,666
Overtime	20,114	20,482	29,414	70,010
Reverse Unallocated Budget Reduction (Restore Budget for Step Increases)	-	205,245	415,245	620,490
Cumulative Cost of Wage & Step Increase	233,036	660,739	1,069,391	1,963,166
FICA	17,827	50,547	81,808	150,182
SLEP	43,391	123,030	199,121	365,542
Total Cumulative Cost of Wage Increase	294,255	834,315	1,350,320	2,478,890
Uniform Allowance	54,000	59,000	59,000	172,000
FICA	4,131	4,514	4,514	13,158
Cost of Uniform Allowance Increase	58,131	63,514	63,514	185,158
Cumulative Cost of Arbitration Award	352,386	897,828	1,413,833	2,664,048

Estimated Cost of Sheriff's Deputies Potential Arbitration Award

(If Similar to Correctional Officer's Arbitration Award)

	FY18	FY19	FY20	Total
	2.50%	2.25%	2.00%	FY18-FY20
Salaries & Wages	142,537	328,916	472,364	943,817
Overtime	11,085	11,028	15,837	37,949
Reverse Unallocated Budget Reduction (Restore Budget for Step Increases)	-	95,532	267,532	363,064
Cumulative Cost of Wage & Step Increases	153,621	435,475	755,733	1,344,830
FICA	11,752	33,314	57,814	102,880
SLEP	28,604	81,086	140,718	250,407
Total Cumulative Cost of Wage Increase	193,978	549,875	954,264	1,698,117
Uniform Allowance	39,250	40,000	40,000	119,250
FICA	3,003	3,060	3,060	9,123
Cost of Uniform Allowance Increase	42,253	43,060	43,060	128,373
Cumulative Cost of Arbitration Award	236,230	592,935	997,324	1,826,489

Estimated Cost of Coroner's CBA (Union Members Only)

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Cumulative Total
First 2% Increase	8,058.31	7,334.87	7,334.87	22,728.05
Stipends	7,000.00			7,000.00
Second 2% Increase	7,493.77	7,493.77	7,493.77	22,481.31
Third 2% Increase		7,643.64	7,643.64	15,287.28
Fourth 2% Increase			7,796.52	7,796.52
Cumulative Cost of Wage Increases	22,552.08	22,472.28	30,268.80	75,293.16
FICA	1,725.24	1,719.14	2,315.56	5,759.94
IMRF	1,648.58	1,806.76	2,715.12	6,170.46
Total Cost	25,925.90	25,998.18	35,299.48	87,223.56

Estimated Cost of Health Dept. CBA

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Cumulative Total
First 2% Increase	44,803.45	46,065.54	46,065.54	136,934.53
Stipends	16,503.45			16,503.45
Second 2% Increase	46,986.91	46,986.91	46,986.91	140,960.73
Third 2% Increase		47,926.64	47,926.64	95,853.28
Fourth 2% Increase			48,885.20	48,885.20
Cumulative Cost of Wage Increases	108,293.81	140,979.09	189,864.29	439,137.19
FICA	8,284.47	10,784.89	14,524.63	33,593.99
IMRF	7,916.30	11,334.70	17,030.81	36,281.81
Total Cost	124,494.58	163,098.68	221,419.73	509,012.99

Estimated Cost of Workforce Development's CBA

(Fiscal Years begin July 1 and end June 30)

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Cumulative Total
First 2% Increase	2,938.82	5,310.24	5,310.24	13,559.30
Stipends	3,100.00			3,100.00
Second 2% Increase		5,416.44	5,416.44	10,832.88
Third 2% Increase			5,524.77	5,524.77
Cumulative Cost of Wage Increases	6,038.82	10,726.68	16,251.45	33,016.95
FICA	385.47	820.59	1,243.24	2,449.30
IMRF	368.34	830.25	1,394.37	2,592.96
Total Cost	6,792.63	12,377.52	18,889.06	38,059.21

Estimated Cost of County Clerk's CBA

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Cumulative Total
First 2% Increase	11,784.09	12,116.03	12,116.03	36,016.15
Stipends	2,900.03			2,900.03
Second 2% Increase	12,358.34	12,358.34	12,358.34	37,075.02
Third 2% Increase		12,605.51	12,605.51	25,211.02
Fourth 2% Increase			12,857.63	12,857.63
Cumulative Cost of Wage Increases	27,042.46	37,079.88	49,937.51	114,059.85
FICA	2,068.75	2,836.60	3,820.22	8,725.57
IMRF	1,976.81	2,981.21	4,479.41	9,437.43
Total Cost	31,088.02	42,897.69	58,237.14	132,222.85

Impact of Wage Increases on Property Tax Freeze Protection Fund

Property Tax Freeze Protection Fund

Beginning Balance as of 11/30/2018	5,015,206
Budgeted Draw Down	(333,000)
Wage Increase for Non-Union, Judiciary, Court Services	(1,123,546)
Wage Increase for Facilities Management Union	(7,424)
Arbitration Award for Correctional Officers	(897,829)
Arbitration Award for Sheriff's Deputies (pending)	(595,935)
Coroner's CBA (pending)	(24,600)
Projected Remaining Balance at 11/30/2019	2,032,872

IMRF Rates for Fiscal Year 2020

IMRF Contribution Rates for 2020 Have Increased by 22%

- Contribution Rates for SLEP have increased from 18.62% for 2019 to **22.66%** for 2020
- Contribution Rates for Regular IMRF have increased from 7.31% for 2019 to **8.97%** for 2020
- IMRF is Offering a Phase-In Rate of **8.04%** for Regular IMRF in lieu of the full increase rate of 8.97%. Although this rate is more affordable in the short term, it is more expensive in the long term since we will be charged interest on the difference in funding.



Additional Cost of New IMRF Rates

After taking into consideration anticipated union and non-union wage increases for all employees excluding elected officials, as well as step increases for Sheriff's deputies and correctional officers, the estimated additional cost of the new IMRF rates is as follows:

\$1,700,000 if we use the **full** new IMRF Rate

\$1,160,000 if we use the **phase-in** IMRF Rate

\$ 540,000 less expense if we use **phase-in** rate



5 Year Revenue Forecast FY2019 – FY2023

Highlights of 5 Year Revenue Forecast

- FY19 Sales Tax Revenue **\$1,060,000** less than budget
- FY19 Income Tax Revenue **\$225,000** more than budget
- FY19 Use Tax Revenue **\$140,00** more than budget
- FY19 Investment Income **\$207,000** more than budget
- FY19 Recording Fees **\$110,000** less than budget
- FY20-FY23 **Return** of Sheriff's Board & Care Reimbursement Revenue **\$500,000 → \$2,000,000**
- FY20-FY23 **New** Sheriff's Electronic Home Monitoring Fees **\$50,000**
- FY20-FY23 **New** Sheriff's Treatment Center Lease Revenue **\$50,000 → \$150,000**



General Fund

FY19 Revenue Forecast Bottom Line

\$490,000 less revenue than budgeted

Since the main source of the variance is Sales Tax revenue, this variance will be offset by transferring \$490,000 less of the \$500,000 budgeted transfer from the General Fund to the Capital Fund.

General Fund

FY20 Revenue Forecast Bottom Line

\$1,155,590 more revenue than budgeted for FY19 excluding Property Tax Freeze Protection Transfer

Increase Over FY19 Forecasted Revenue (excluding Property Tax Freeze Protection Tfr)	1,155,590
Estimated Cumulative Increase to General Fund Wages with FICA and FY19 IMRF Rates	(4,431,000)
Increase in FY20 IMRF & SLEP Rates (Phase In)	(1,017,000)
Projected Funding Shortfall of Wage Increases	(4,292,410)
Projected Property Tax Freeze Protection Fund Balance	2,033,000
Remaining Funding Shortfall of Wage Increases	(2,259,410)

FY2020 Budget Guidelines



IMRF Rates

We are tentatively planning on using the phase-in IMRF rate, since it will result in \$540,000 less expense in Fiscal Year 2020 for which we will need to find a source of funding.

IMRF Regular (Phase In)	8.04%
IMRF SLEP	22.66%



Health & Dental Rates

- We will be using **the same employer/employee contribution rates for health insurance** for Fiscal Year 2020 as we used for Fiscal Year 2019. Any savings achieved will help build the Health Insurance Reserve to enable us to absorb any future claims expense that may be higher than expected.
- We are initially budgeting for a **7% increase in employer/employee contribution rates for dental insurance**, although the actual increase will likely be less.

Liability Insurance, Workers' Comp, Unemployment Chargeback Rates

The following rates for liability insurance, workers compensation and unemployment are based on the average of the last 3 years of actual expense divided by the last 3 years of actual payroll expense. These rates will be used to charge the special revenue funds for their share of these expenses just as we've done in the past. The total charges for FY20 will be 4.91% higher than they were for FY19.

Category	<u>2020 Rates</u>	<u>2019 Rates</u>	<u>Change</u>
Insurance Liability	2.09%	1.87%	11.76%
Workers Comp	2.55%	2.50%	2.00%
Unemployment	0.06%	0.11%	-45.45%
Total	4.70%	4.48%	4.91%



Non-Union Wage Increases

We will be budgeting for a **2% wage increase in FY20 for non-union employees** in accordance with most collective bargaining agreements.

Funding Proposal for Relocation of Coroner & Fabyan Parkway Facilities



General Obligation Alternate Revenue Source Bond Issue

Proposed by Speer Financial

\$10 million, 10 Year bond issue with State
Income Tax as alternate revenue source

- Debt Service for first five years would be interest only paid from Public Building Commission Fund
- Debt Service for last five years would be paid from debt service funds that will become available after the 2013 bond issue is paid off in 2024.

G.O. Alt. Rev. Bond Debt Service

Date	Proceeds	Repayment	3% Interest	Cost
7/1/2019	10,000,000			
Cost of Issuance	(180,000)			(180,000)
6/15/2020			(286,667)	(286,667)
12/15/2020			(150,000)	(150,000)
6/15/2021			(150,000)	(150,000)
12/15/2021			(150,000)	(150,000)
6/15/2022			(150,000)	(150,000)
12/15/2022			(150,000)	(150,000)
6/15/2023			(150,000)	(150,000)
12/15/2023			(150,000)	(150,000)
6/15/2024			(150,000)	(150,000)
12/15/2024			(150,000)	(150,000)
6/15/2025			(150,000)	(150,000)
12/15/2025		(2,390,000)	(150,000)	(2,540,000)
6/15/2026		-	(114,150)	(114,150)
12/15/2026		(2,465,000)	(114,150)	(2,579,150)
6/15/2027		-	(77,175)	(77,175)
12/15/2027		(2,535,000)	(77,175)	(2,612,175)
6/15/2028		-	(39,150)	(39,150)
12/15/2028		(2,610,000)	(39,150)	(2,649,150)
Total	9,820,000	(10,000,000)	(2,397,617)	(12,577,617)

G.O. Alternate Revenue Source Bond

Pros and Cons

Pros

- A. Provides immediate, sufficient funding for project
- B. Does not involve a property tax increase
- C. Does not draw funding away from operations
- D. Does not depend on sale of Fabyan property

Cons

- A. Cost of issuance is \$180,000 (1.8%)
- B. Cost of interest is \$2,397,617 (3% over 9.5 yrs.)
- C. Depletes Public Building Commission Fund by \$1,636,667

Timeline

- July Standing Committees – Authorizing Bond Ordinance (need to finalize dollar amount & scope of project before this time)
- August County Board - Authorizing Bond Ordinance
- September County Board - BINA Hearing
- Day Before October County Board – Competitive Bond Auction
- October County Board - Bond Ordinance (Approval of Bond Sale)
- 2 weeks later – Bond Closing

The background is a solid blue gradient, transitioning from a lighter blue at the top to a darker blue at the bottom. At the very top, there are several thin, wavy lines in various shades of blue and cyan, creating a sense of movement and depth.

Questions?