



**GOODHUE COUNTY BUDGET COMMITTEE**  
**MINUTES**  
**Administration Conference Room**  
**June 22, 2004**  
**11:00 a.m.**

---

Present: Robert Noah, Roseanne Grosso, Brad Johnson, Amy Hove, David Hamilton,  
Sheila Bystrom and Andrea Benck.

C/Noah called the meeting to order

**1. 2005 Budget Calendar/Criteria/Process.** Mr. Hamilton presented an outline for the 2005 budget process along with a recommended calendar that establishes a timeline for the budget. In past years, Administration has presented criteria and a timeline for the County Board's consideration. Last year the county implemented an entirely new and expanded budget software program during the actual development of the budget. This year, we can utilize this valuable tool while continuing to build the budget. The budget narrative format for 2005 has already been forwarded to all Department Heads to begin writing the descriptive section of what they plan to do with their proposed budgets.

Mr. Hamilton reported that with the close of the Legislative Session, the county is left with the following criteria to work with. For the first time in recent memory, the County Board has the authority to establish their 2005 budget outside of pending or actual State directives. This is subject to a possible Special Legislative Session that could change the county's position.

**State Issue**

- No Levy Limit Legislation
- Possible return of State Aid
- Court Takeover Completed (July 1, 2004)
- No "unallotments"

The Compensation Study approved by the County Board, will be completely implemented in 2005. The needed resources of \$700,000 will require the continued levy of the amount utilized to adjust for our 27 pay period anomaly. Human Resource costs are assumed with the following criteria that may change as the process advances.

**Staffing Issues**

- Compensation Study Implementation (year 2)
- Salary adjustments for elected officials of 3% (aggregate increase of 05 Comp Study)

Health Care Insurance has been a volatile number in past budgets with earlier percentage increases not materializing. Good management practices implemented by the Insurance Committee and the county's consultant may have exhausted our ability to lower costs with the same program of insurance in place. In the area of costs, they are driven by numerous factors including past claims experience. Based on numbers that we have already seen, staff believes that an increase is very likely this year. To plan for this at the early stage of our budget process,

staff recommends the assumption of a 14 % increase. This is based on discussions with the Management Team.

**Insurance Issues**

- Health Insurance Increase of 14%

The Capital Plan remains an integral component of our budget. While the plan is approved annually, staff has projected ahead utilizing a five year horizon. This year, staff recommends that we formalize the five year concept and detail a plan that incorporates our needs for 2005 and annually to 2010. Financing of the Capital Plan has varied in past budgets. In some cases, the county has bonded for our needs while acknowledging that the long established pay-as-you-go policy should return. Last year was the first year in recent memory that did not require additional bonds that would add to the county debt load. At this time, staff is unsure of our actual requirements for 2005 so we are recommending the option of pay-as-you-go with bonding only if required for critical expenditures.

**Capital Issues**

- 2005 Capital Plan with projections to 2010
- Pay-as-you-go- financing with bonding only if required

Board and Agencies is the final area to consider. In the recent past, we have reduced or frozen the levy dollars requested. This year, staff was asking the County Board to consider two increases that have resulted from suggestions in the past or from Committee action. Staff recommended that the Goodhue County Economic Development Authority levy increase from \$5,000 to \$10,000. This will allow us to rebuild some of the funding lost to a minimum levy in past years. In the case of the county's library obligations, we have a tentative agreement to increase our commitment by 10% per year over a period of 3 years. Should this be approved by the County Board, it would require an additional \$27,500 in 2005.

**Boards and Agencies**

- Increase Boards and Agencies funding by \$31,500

Staff recommended adoption of the following criteria listed under the five categories along with the Draft Budget Timetable for the 2005 Goodhue County Budget process.

C/Noah made a request to move the deadline to certify the preliminary levy to September 7. The committee agreed.

C/Grosso asked if the county board would be setting any guidelines as to how much of an increase or decrease the department heads should build into their budget. Mr. Hamilton stated that we are not recommending any percent increase or decrease at this time; it would simply be to approve the process. C/Grosso stated that if the department heads are working on their budget, they should have a figure to shot for. Mr. Hamilton stated that they would simply be building the budget that they felt was needed to run the county. C/Noah pointed out that currently there are no levy limits and for that reason the department heads should build their budget on what it would take to run their department.

C/Noah stated that he feels that there should be some money in the Commissioners budget and Administration's budget for state meetings such as NACO. He felt the county has cut themselves thin. Other counties have people attending these organizations and the county would benefit from it. Currently, we pay the dues to belong to the organization, but there has been no money for anyone to attend any of the conferences.

C/Grosso stated that she would like to see the county start paying back the EDA. Mr. Johnson stated that what people want to use the most right now is abatement.

C/Noah stated that the county has been so tight on our budget for quite some time and for good reason, but he felt that they needed to move forward with caution. Mr. Hamilton stated that at the July 20 county board meeting, he would expect a discussion with direction from the board on what percent the department heads should build into their budget.

C/Noah also reminded that the park committee had asked for \$50,000 each year for the next two years. The park committee did not care if it came from the dam fund or if it was included in the 2005 budget. Mr. Johnson stated that he and Greg Isakson are looking into it. Ms. Bystrom stated that she has concerns with taking it from the dam fund. C/Noah stated that Dakota County has been really good about finding grants to help pay for things. Mr. Hamilton stated that his original recommendation was to take revenues from next year to offset the \$50,000 for 2005.

Mr. Johnson pointed out that we are coming up on the five year plan with Solid Waste. This would be the time to look at the Solid Waste Fee which was talked about at the committee of the whole. This may be an issue that the board would want to discuss again. Shelia Bystrom also reminded the committee of the expenses to close a cell in Wanamingo and open a new cell. Mr. Hamilton asked what a solid waste fee could be used for. Mr. Johnson stated that he was looking into that issue but thought most counties treated it as a special assessment. Mr. Hamilton suggested talking about it at the July 20 Committee of the Whole meeting since this impacted the 2005 budget.

*The committee agreed to recommend the 2005 budget calendar/criteria/process.*

**2. General Fund Balance.** Brad Johnson distributed a graph charting the history month-by-month of the County's General Fund Balance. The fund receives the majority of its money via settlement of tax dollars, which occur in January (for the second half of the prior year's tax receipts) and July (for the first half of the current year's tax receipts). The County tax levy for the General Fund is based on the approved budget for those departments in the General Fund (including Assessor, Attorney, Auditor/Treasurer, Recorder, Sheriff, Surveyor, etc.). For the six months after these tax receipts are "settled" to the fund, this money supplies the operating money for those departments. It forms part of the fund balance but is not under a designation or reserve—however, it is accounted for as part of the approved budget.

The graph illustrated the unreserved, undesignated General Fund balance, which is the measure of our organization's financial health that is used by bond companies such as Moody's. Normally, the year-end (December) fund balance is the basis for this. In 2002, Goodhue was the only County with a negative balance of the fifty-one counties Moody's rated, and therefore, at

the bottom of their rankings for that category. The year-end goal for the General Fund Balance would normally be either 30% of the operating budget for that fund or 5/12 of the operating budget of the fund. Also, a 10% contingency amount would normally be considered appropriate. This gives an approximate goal of \$6,000,000 for the undesignated, unreserved General Fund balance at year end. Obviously, meeting that goal will not be accomplished in one year, but our five-year plan (levying \$700,000 a year to the fund balance Reserve) has made considerable progress. Even if the Reserve is undesignated, the county's year-end 2003 General Fund balance was only \$1,454,617, which included monies for the remodeling of the old jail that were not yet spent and approximately \$200,000 from maintenance that had not been spent yet.

This appears to be the **first year** that we will likely project a positive undesignated, unreserved General Fund balance in several years. As the initial five year plan closes, Mr. Johnson recommend the county consider establishing a second five-year plan to continue dealing with the fund balance issue.

C/Noah stated that he would like to see the county continue to budget \$700,000 each year. It was something we were used to doing. Mr. Johnson agreed.

***The committee recommended continuing with the current five year plan and having the second five year plan drafted by the end of the year.***

C/Noah stated that for the 2005 budget, he would like to see department heads make a recommendation on what they need to operate. C/Grosso agreed. Also, they would like to see the ramifications on what will happen if they are not able to meet their needs.

C/Grosso stated that there are a lot of unknowns. C/Noah stated that he would like to see a 4-5% levy increase which would not increase anyone's taxes.

Sheila Bystrom asked about the capital plan and if staff should be planning for the next five years. Mr. Hamilton agreed. Ms. Bystrom asked if the park improvements should be included in the capital plan or the regular budget. Mr. Johnson stated that he would like to see it in their operating budget.

C/Grosso asked if she could get a report of when our debt is due. Mr. Johnson stated that Ms. Hove has that available.