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October 5, 2021

TO: Eau Claire County Board of Supervisors

CC: Eau Claire County Department Heads
Eau Claire County Staff

FROM: Kathryn Schauf, County Administrator
Norb Kirk, Finance Director

SUBJECT: 2022 Budget Recommendations

Presented for your review and consideration is the County Administrator's recommended 2022 Budget for Eau Claire County, Wisconsin totaling \$170.46 million. The 2022 budget cannot be solely constructed on past activity, or past success – it must look forward while being responsive to community need. The recommended budget is attempting to do that by identifying areas of critical need that if left unaddressed pose future risk to Eau Claire County. Details are provided in the bulleted highlights section.

Upon review and analysis of all revenue and expenditure requests, the attached Eau Claire County 2022 Budget Recommendations propose a balanced county budget, meaning that revenues match the projected annual expenditures for all operations and capital costs. This was only possible through the diligent and thoughtful efforts of the board, committees and department heads to problem solve and identify solutions. Our county team has had numerous conversations around how this budget provides the most advantageous return-on-investment to the citizens of Eau Claire County.

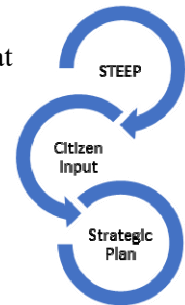
The budget process maps a strategic plan workplan while assigning dollar values for services provided. It is an opportunity to take stock of the community and the role Eau Claire County government assumes in defining the community. The budget is a planning tool for financial and operational resources; and reflects the County's determination to allocate resources responsibly. It was prepared with the goal of preserving services to the residents, visitors, and businesses of the County; balancing of priorities and compromise between competing needs for limited funding; and being responsive to our citizens.

Local governments continue to operate in a constrained fiscal environment presenting constant challenges to the county to develop a balanced budget and meet the charge of the county's mission statement: "to provide quality, innovative and cost-effective services that safeguard and enhance the well-being of residents and resources". Those challenges include increased demand for services, limited revenue enhancement options, infrastructure needs, public safety and justice system cost increases, cost of health care, and a competitive labor market.

Recognizing these fiscal pressures and challenges, the 2022 budget acknowledges:

1. The County will need to identify ways to leverage our strengths and provide services as efficiently and effectively as possible. Specific strategies are embedded into each of the departmental recommendations.
2. Budget requests for new positions or increases in levy funding need to be tied to long-term strategies designed to address areas of critical need for ensuring financial or institutional stability, or a priority need.

There are many inputs to the compilation of the budget – the construction of which begins at the department and committee level. The analysis of current trends (STEEP: societal, technological, environmental, economic, and political) and relevant historical data provide for an informed budget process. Coupled with the biennial strategic plan (summarized below), and citizen input, the budget becomes a process where the allocation of resources strategically looks to align resources to meet not only the needs of today, but plan for the needs of the future.



The county conducts a service survey. Although not exhaustive, the survey asks about many of the high impact services provided to residents. Results of the survey to date in summary form, by function, may be accessed here: <https://www.surveymonkey.com/results/SM-7ZN2M3SY9/>

Budget Process

The budget process is designed to be open and accessible to our board, staff and the citizens we serve. The process focuses on educating and informing participants. Early dialog and discussion about the challenges we face as we prioritize service is essential. The diagram below shows the flow of the budget as it transitions to the final adoption by the Board on November 2, 2021.

Joint meetings of governing committees with Finance and Budget provide a forum for understanding the counties priorities more deeply for final budget recommendation.



Brief Summary of Recommendations

The detailed summary of levy use, expenditures and revenues can be found beginning on page 25.

	2022 Recommended Budget	2021 Adjusted Budget	Dollar Change	Percent Change
Levy Amount	\$ 40,186,724	\$ 37,470,095	\$ 2,716,629	7.25%
Levy Rate	\$ 3.967	\$ 3.964	\$ 0.003	0.08%
County Operations	\$ 154,517,445	\$ 143,308,465	\$ 11,208,980	7.82%
Debt Service	\$ 15,946,360	\$ 12,646,856	\$ 3,299,504	26.09%
Total Operational Expenditures	\$ 170,463,805	\$ 155,955,321	\$ 14,508,484	9.30%
Equalized Value *	\$ 10,129,476,700	\$ 9,452,253,400	\$ 677,223,300	7.16%

Note: Total Operational Expenditures above are net of internal service fund activity and fund transfers.

* Equalized Value is excluding Tax Incremental Districts (TID).

Recommended Budget Highlights:

The 2022 budget guidance requested that departments present a budget that limited levy growth while also identifying deficiencies in service capacity. Governing committees weighed the costs and benefits and made recommendations on expenditures that ensure continuity of essential and mandated services. Noteworthy items included in this budget include the following:

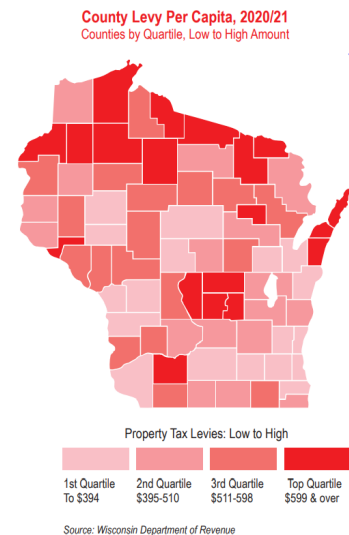
- Strategic investments into our compensation structure. A 2.5% COLA (cost-of-living) increase was incorporated into the recommendation.
- Continues work in health insurance and the benefit package will increase employee choice for services offered.
- Provides community agencies with requested funding. It is also recommended that future funding for outside agencies be transitioned to a contract basis with a clearly articulated scope of services, and direct connection with county government operations, and identified outcomes. This has been accomplished in some program areas.
- Sets funding for Economic Development at a rate consistent with the City of Eau Claire.
- Maximizes revenues from non-property tax sources where possible. Sales tax continues to be strong. The recommendation is for an increase of \$1.2M in sales tax.
- Continues adoption of innovative practices and programs that are focused on leveraging all funding sources, targeting causes rather than reacting, and strategically preparing a solution to long-term revenue shortages.
- Commits to maintaining core physical, technology and capital equipment infrastructure. There is a substantial investment being made into parks' infrastructure. This requires the use of debt as a funding source.
- Continues the partnership with lake districts to maintain the integrity of Lake Eau Claire and Lake Altoona.
- Utilizes the use of fund balance to fund contingency of \$300,000.
- Provides for a continued focus on process automation and investment in information services systems, software, and positions to develop and optimize the use of the systems.
- Invests in employee compensation by reserving \$700,000 in sales tax to make needed adjustments to the salary matrix (this number includes \$50,000 in administration costs). This coupled with an

analysis of the county’s total reward strategy and the updating of job descriptions creates a pathway for ensuring that the county remains competitive within the labor market.

- Provides needed operational dollars for the 6th courtroom in August of 2022 with additional personnel in Corporation Counsel, Clerk of Courts, Circuit Courts, and Court Security (see detail of position changes on page 71).
- Develops capacity within the departments of:
 - Finance – to enhance internal controls;
 - Human Resources – to rebuilding basic functionality;
 - Sheriff – for jail administration, and Detective crisis response;
 - Planning and Development – redundancy in emergency response function; and a project position for completion of monumentation.
- Addresses waitlists for state required mandates, entitlement programs, and program audit recommendations of Comprehensive Community Services; Children Long-term Support waitlist, and addresses staffing in Juvenile Detention.
- The budget reflects the creation of multiple inter-agency partnerships and innovative programming for social services:
 - Mental health and crisis response with law enforcement and school districts;
 - Development of adult restorative justice and a peer mentoring network;

Revenues

Wisconsin Statute §66.0602 limit county operating property tax levy increases to 0% or the increase in county wide net new construction value, whichever is greater. Equalized value due to net new construction increased at 2.0% this year; therefore the 2022 budget recommendations are based on a 2.0% increase in the operating property tax levy. Overall equalized value increased by 7.16%. This results in a 2022 allowable increase in the county operating property tax levy of \$482,549 to offset increased operational costs in 2022. Due to the proposed 2.0% increase in the operating levy and an increase of \$2.21 million for county debt service, and with the increase in equalized value, the recommended 2022 levy rate is \$3.967/\$1,000 of equalized value versus the current \$3.964/\$1,000 of equalized value.



Tax Levy Comparison: For 2021 Eau Claire County was in the lowest quartile for property tax in the state at \$360 per capita. State average is \$398; State median is \$510

County sales tax revenues are projected at \$11,718,000 for 2022.

All department revenues have been adjusted to reflect 2022 year to date economic and program activity levels. State aids are budgeted consistent with the approved biennial state budget – the same level (or with slight increases) as 2021 for many categories, including shared revenue.

On average across the state, property tax levy supplies 40% of local government revenue. The overall levy has two components, operating and debt. The state average operating levy percentage is significantly higher than Eau Claire County’s operating levy which is at 19%. The debt levy is currently at 11%, and growing proportionately quicker as debt is relied upon to fund basic infrastructure needs.

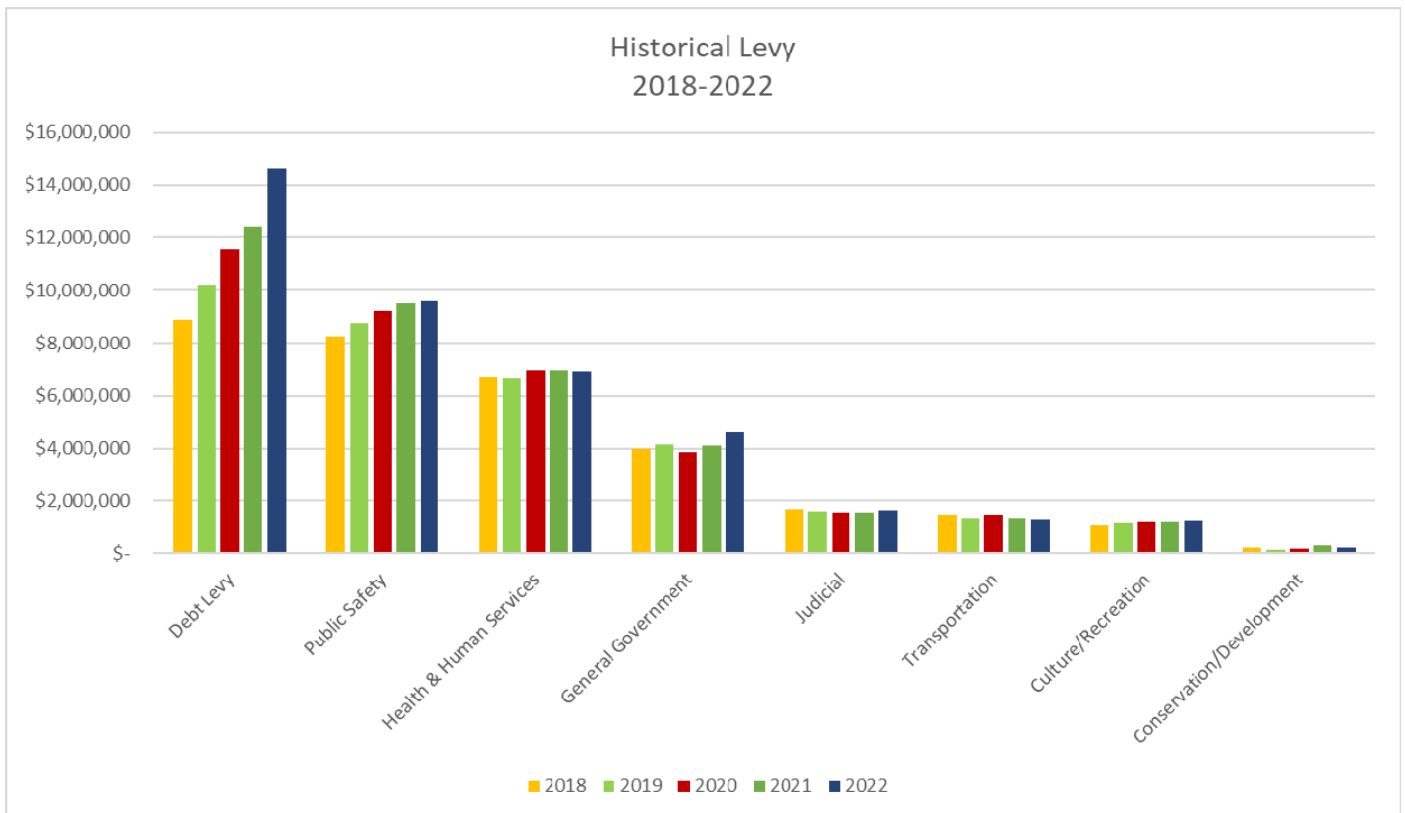
Levy

The top three areas where levy is appropriated are:

Department	Adjusted Levy	Adjusted Levy %
Sheriff	\$ 16,370,800	40.74%
Highway	9,342,475	23.25%
Human Services	8,808,190	21.92%
	<u>\$ 34,521,465</u>	<u>85.90%</u>
Total Levy	\$ 40,186,724	

The adjusted levy combines operational and debt levy to provide an entire view of levy use. Highway operations are funded by a combination of operational and debt levy. The information above highlights the importance of debt levy as a means of providing essential government services.

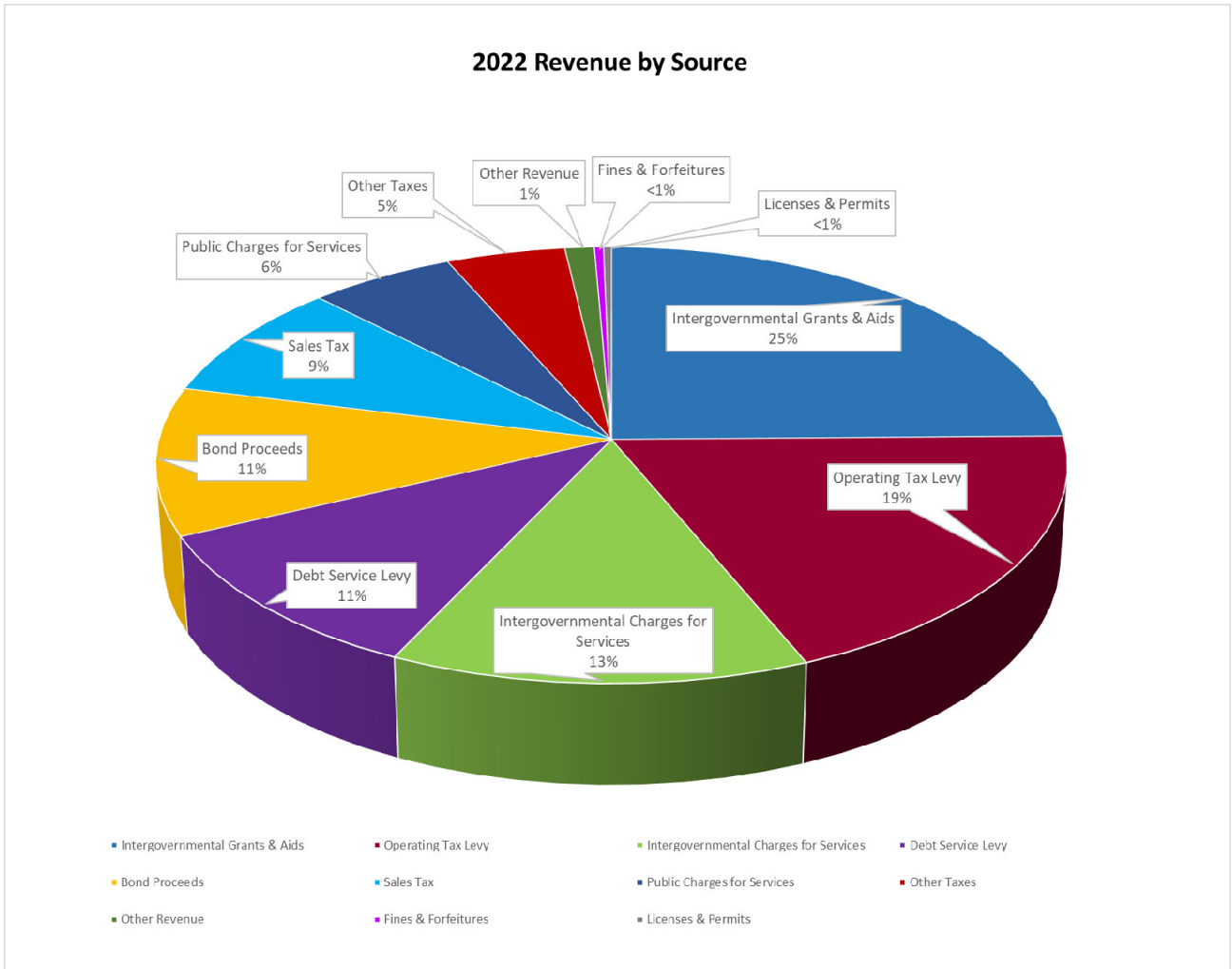
The graph below shows the progression of levy use within the functional areas of local government. This highlights that operationally there is has been little growth and that debt levy is a key funding source.



The detail below outlines levy dollars by department with the relative percent of the overall levy, as well as a comparison to 2021.

Department	Functional Area	2022 Recommended Tax Levy	% of Total Levy	2021 Adjusted Tax Levy	YTY Increase / (Decrease) in Tax Levy	% Change
Debt Service	Various	\$ 14,656,311	36.47%	\$ 12,446,856	\$ 2,209,455	17.8%
Sheriff	Public Safety	12,854,749	31.99%	12,326,959	527,790	4.3%
Human Services	Health & Human Services	8,808,190	21.92%	8,592,506	215,684	2.5%
Information Systems	General Government	2,116,404	5.27%	2,015,647	100,757	5.0%
Facilities	General Government	1,913,366	4.76%	1,830,917	82,449	4.5%
Communications Center	Public Safety	1,910,134	4.75%	1,838,856	71,278	3.9%
Highway	Transportation & Public Works	1,595,199	3.97%	1,595,199	-	0.0%
Health Department-City/Co	Health & Human Services	1,334,181	3.32%	1,283,090	51,091	4.0%
Library Funding	Culture, Education, and Recreation	1,016,120	2.53%	1,006,030	10,090	1.0%
Planning & Development	Various	947,628	2.36%	917,918	29,710	3.2%
Non-Departmental ^	Various	927,470	2.31%	864,806	62,664	7.2%
Criminal Justice Services	Judicial	916,087	2.28%	858,118	57,969	6.8%
Finance	General Government	885,696	2.20%	840,605	45,091	5.4%
Corporation Counsel	General Government	755,519	1.88%	607,043	148,476	24.5%
District Attorney	Judicial	564,456	1.40%	554,096	10,360	1.9%
Human Resources	General Government	563,563	1.40%	533,902	29,661	5.6%
Clerk of Courts	Judicial	519,951	1.29%	416,014	103,937	25.0%
Community Agencies	Various	466,366	1.16%	476,549	(10,183)	-2.1%
Airport	Transportation & Public Works	403,020	1.00%	403,020	-	0.0%
Extension	Culture, Education, and Recreation	283,146	0.70%	276,669	6,477	2.3%
County Clerk	General Government	272,656	0.68%	239,095	33,561	14.0%
Administration	General Government	268,866	0.67%	242,110	26,756	11.1%
Medical Examiner	Public Safety	260,761	0.65%	231,269	29,492	12.8%
Register in Probate	General Government	255,268	0.64%	260,527	(5,259)	-2.0%
Veterans Services	Health & Human Services	253,734	0.63%	241,799	11,935	4.9%
ADRC	Health & Human Services	226,401	0.56%	226,401	-	0.0%
County Board	General Government	214,585	0.53%	233,932	(19,347)	-8.3%
Circuit Court	Judicial	198,943	0.50%	161,254	37,689	23.4%
Beaver Creek	Culture, Education, and Recreation	180,000	0.45%	180,000	-	0.0%
Child Support	Health & Human Services	98,749	0.25%	64,568	34,181	52.9%
Highway Bridge Aid	Transportation & Public Works	40,000	0.10%	40,000	-	0.0%
Parks & Forest	Various	(134,430)	-0.33%	(118,637)	(15,793)	13.3%
Treasurer	General Government	(260,412)	-0.65%	(297,152)	36,740	-12.4%
Register of Deeds	General Government	(367,593)	-0.91%	(381,298)	13,705	-3.6%
General Revenues	Various	(14,758,360)	-36.72%	(13,538,573)	(1,219,787)	9.0%
Total Levy		\$ 40,186,724	100.00%	\$ 37,470,095	\$ 2,716,629	

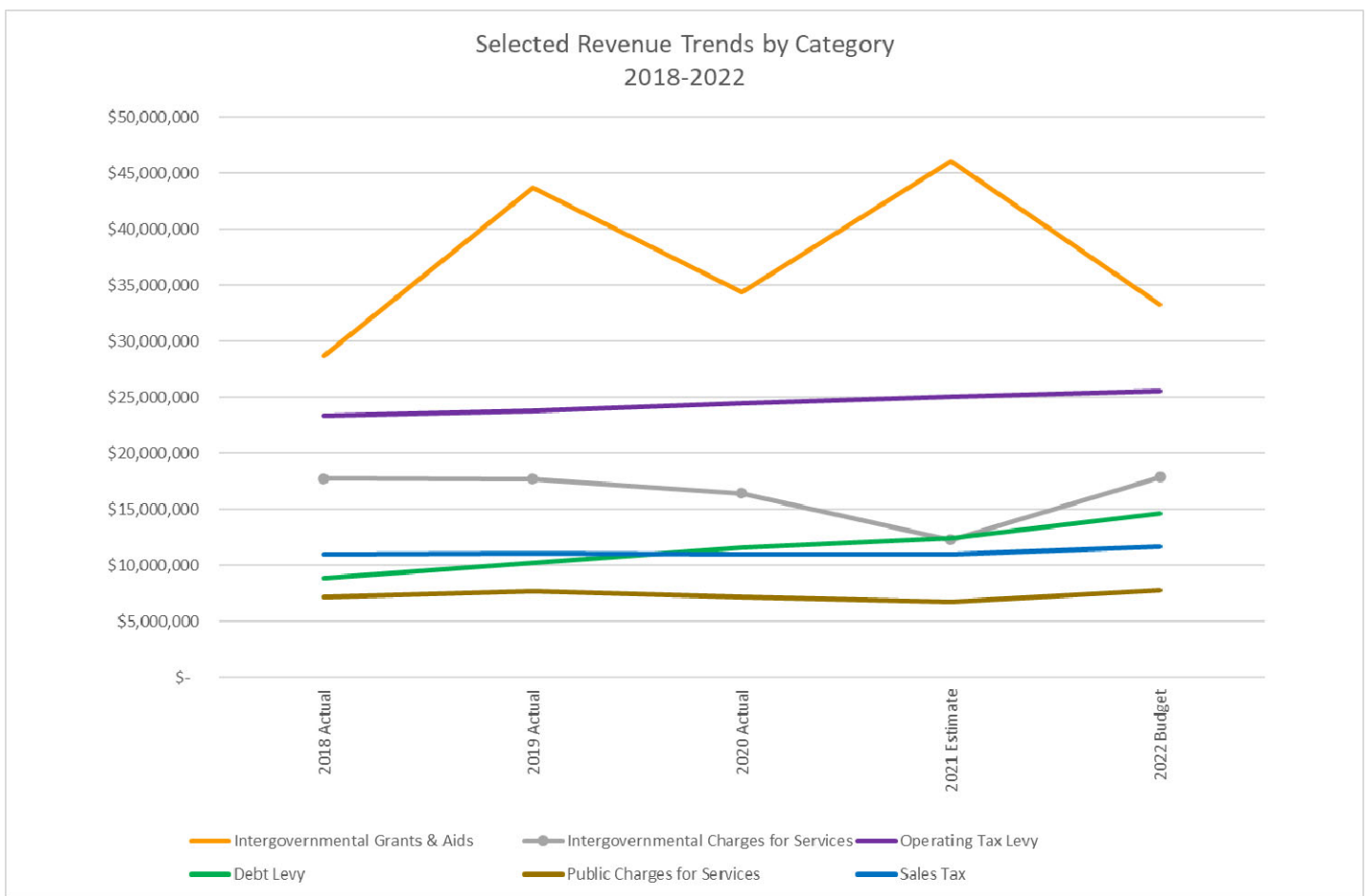
The revenue chart below highlights the funding sources included in the 2022 recommended budget.



The graph below shows selected revenue trends over time. Of particular note are the categories of intergovernmental grants and aids and intergovernmental charges for services which have shown some variability.

Intergovernmental grants and aids experienced a significant increase in 2019 due to Airport projects funded by state and federal aid. In 2021, Eau Claire County received its first tranche of funds related to the American Rescue Plan Act (ARPA). These funds are recorded as intergovernmental grants and aids, which accounts for the significant increase in 2021. Without these two items the graph line for this category would be much flatter.

Increases in intergovernmental charges for services can be attributed to an increase in activity in the Comprehensive Community Services program. Changes in Highway assumptions regarding work for other municipalities, depending on the season and weather conditions, also contributed to fluctuations.



Debt

Eau Claire County is projected to end 2021 with outstanding debt totaling \$104.15 million, which includes Series 2021A, issued in June 2021 for \$11.54 million. This issue refunded Series 2011B bonds which saved the County ~\$2.9M. The county also issued Series 2021B for \$24.35 million, which will finance the construction of a new highway facility. The final issuance in 2021 is Series 2021C for \$7.405 million, which will finance other approved capital projects. The resulting projected debt service payment for 2022 will be \$15.94 million, up \$3.30 million (26.10%) from \$12.65 million in 2021. While the County has the borrowing capacity under Wisconsin Statutes and County code to incur considerably more debt, the resulting increasing debt service payments are becoming a concern. Given the current market conditions, the County will continue to monitor and assess the feasibility of refunding existing bond issues with more favorable interest rates when possible.

The projected 2022 Debt Service payment as estimated will be 36.47% of the total County levy, which will exceed the County Debt Management policy limit set at 30% of the County total tax levy.

With the current tax levy limitations and the resulting necessity to continue to borrow to fund capital purchases in the future, it will very likely not be possible to maintain future debt service payments below the County Debt Management limitations. The current budget recommendation for 2022 requires additional borrowing of \$14.76 million. Based on this recommendation, the projected resulting debt service payment for 2023 is estimated to be \$15.37 million, which currently would be projected to be 38.69% of the County total tax levy. The County does anticipate that some portion of the 2022 capital requirements will ultimately be funded through ARPA funds and therefore reduce the final overall requirement for borrowing in 2022. Given the guidance for ARPA fund use is still being updated, the amount of capital funded by ARPA in the 2022 budget was conservative.

The summary below provides an overview of the services that are funded by debt. Technology Solutions is funding for the technology required to support basic county operations. Highway Infrastructure is a combination of ongoing road improvements.

Bond Summary of Capital Investments

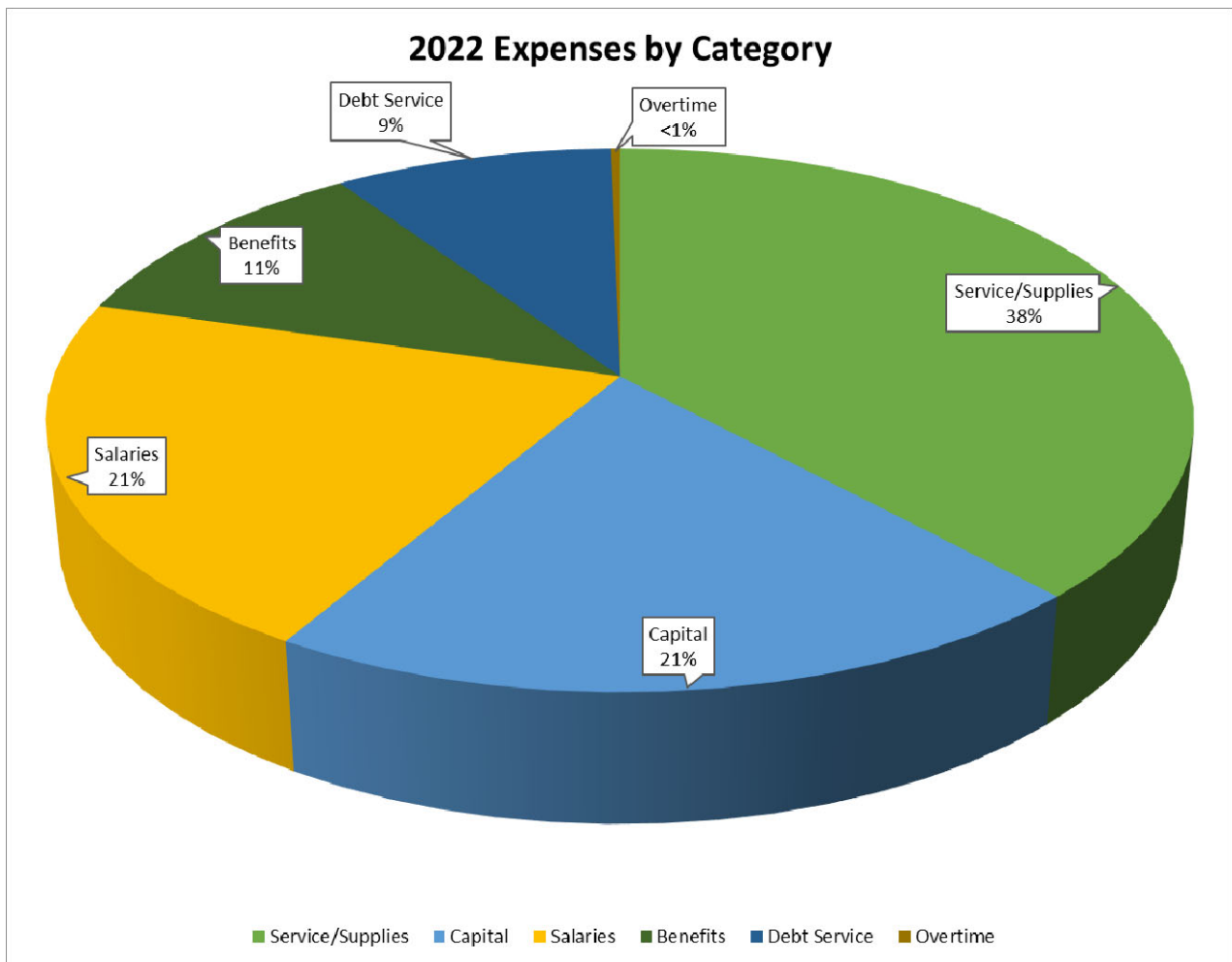
Highway Facility	\$ 5,500,000
Building and Grounds Maintenance	4,399,000
Highway Infrastructure	3,752,227
Technology Solutions	770,526
Sheriff's Auto Fleet	204,350
Conservation/Economic Development	135,000
Total Bonding	<u>\$ 14,761,103</u>

The continued strategy to require additional borrowing and incur the resulting debt service payments is creating a difficult dilemma for the County. While the borrowing capacity exists, the supporting payment requirements will continue to place an increasing burden on the total county levy. Lack of operational capacity continues to put pressure on the funding structure.

Debt Comparison: As of 2019 Eau Claire County was in the top quartile for debt amongst the 72 Wisconsin Counties. County per capita debt was at \$842 / per capita. State average was \$447; State median was \$363.

Expenditures

County government is a service industry, and the total cost of wages and benefits account for 32.37% of total county expenditures. The largest category of expenditures, services and supplies, is largely driven by expenditures in support of the county's ability to utilize federal and state funding for Human Services, and in Highway.



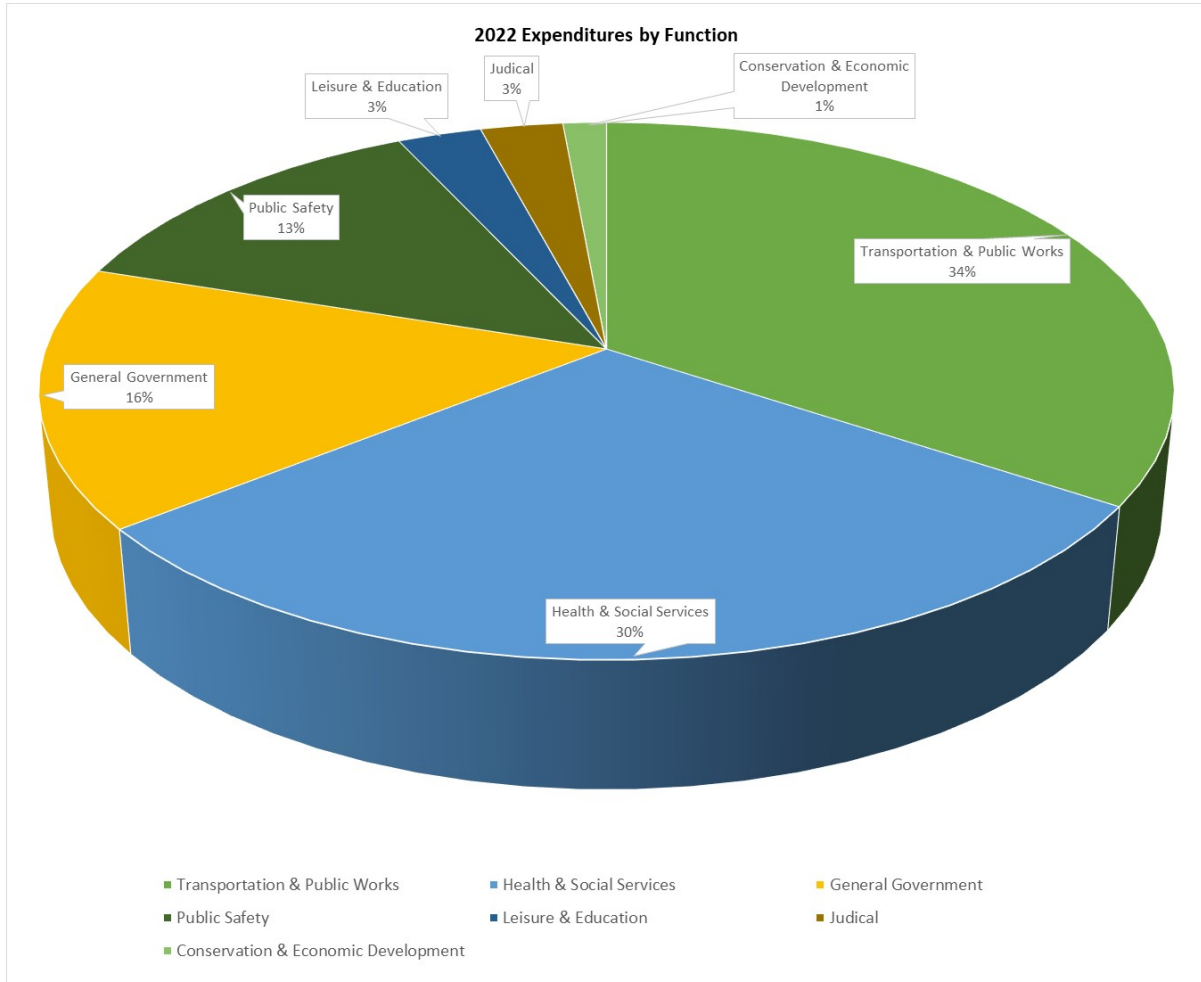
Personnel and Labor: The chart below identifies the expenditures associated with county staff included in this budget.

	2022	2021 Adjusted	%
	Recommended	Budget	Change
Wages	\$ 36,588,789	\$ 33,574,571	8.98%
Overtime	555,372	741,531	-25.10%
Benefits	19,244,868	17,027,159	13.02%
	<u>\$ 56,389,029</u>	<u>\$ 51,343,261</u>	9.83%

- The County has 623 full-time equivalent positions. Cost-of-living salary increases are budgeted at 2.5%. The Chippewa Valley region is seeing increases in compensation overall of between 7%-8%.
- Health insurance premiums were held to a 8.1% increase over prior year, with updates to wellness programming, and a 25% decrease in the employer contribution to the HSA for low deductible plans. The county will work with its benefit consultant in 2022 to create metrics for benefits for comparative purposes.
- We will continue to monitor health insurance as a cost factor and in 2022 will include education for employees on the costs associated with health-care and provide input into how to be good personal stewards of the provided health insurance.
- Wellness programming will continue to be provided through our insurance carrier, WEA Trust.
- Full-time equivalent employee headcount by function is listed below.
- To address critical areas of need and balance the budget; reorganization of county governmental structure at the department level was undertaken with personnel changes - strategic reductions in personnel; and staff relocations to priority areas. Changes in personnel levels and rationale for those changes, and financials are summarized beginning on page 71.

	2022
	Recommended
Health & Social Services	287
Public Safety	124
Transportation & Public Works	74
General Government	60
Judicial	51
Leisure & Education	11
Conservation & Economic Development	16
Total Full Time Equivalents (FTE)	<u><u>623</u></u>

When reviewing the budgeted expenditures by function, a holistic picture is formed of the distribution of funding sources within categories of service. The county provides services on behalf of the State by providing Human Services programming, Circuit Courts (Judicial), and shared Transportation services. These are the largest functional areas of service on behalf of the State of Wisconsin. These areas of service are heavily funded by grants and aids.



Areas of Risk

Budget materials provided by the departments for 2022 allow for a more thorough discussion of areas of risk within each departmental section. For a more in-depth risk assessment please refer to the departmental budgets.

The two most significant areas of risk for this budget are:

COVID-19 Pandemic– The economic implications of the pandemic are not completely known for our community. Eau Claire County funds basic services using sales tax dollars which may be detrimentally affected by a prolonged pandemic and the resulting economic impact.

Human Services Programing – Human Services programming continues to be a high-risk category. Services are provided on behalf of the State of Wisconsin and range from behavioral health, mental health to economic support. We have seen recent rises in case counts, in part due to the ongoing COVID-19 pandemic and the impact it has on the citizens in our community. Ongoing community need drives cost in this area – much of which is beyond control of local decision makers. Programming focused on using preventative techniques to mitigate high-cost placements is incorporated into this budget. The risk to increase the waitlists associated with some programs continues to exist.

Fund Balance

As has been noted, the current fund balance position was considered as part of this recommendation. Preserving fund balance position buffers the county financially in case of worst-case events and scenarios coming to fruition. Risks that are considered include: Revenue and expenditure predictability and volatility, potential impact of Federal and State funding changes, external fiscal limitations (such as levy or revenue limits), natural disasters, health of infrastructure, and liquidity of cash reserves.

The Board has set a minimum for unassigned fund balance as follows:

“The General Fund unassigned fund balance shall be maintained as of December 31 of each year equal to a minimum of 20% of the ensuing year’s budgeted General Fund expenditures, or the County’s projected annual general debt service payment, whichever is greater, with a targeted maximum of 30% of the ensuing year’s budgeted expenditures.”

The following information provides the current projection of the impact to the 2021 General Fund based on the information provided by departments (in June) as a component of their budget packages.

<u>2021 Estimated General Fund Balance Unassigned Summary</u>	
General Fund Balance Unassigned at 12/31/20	\$ 14,141,396
Net 2021 Estimated Department activity	2,093,362
2022 Recommended General Fund Balance Assigned	(399,239)
Estimated 2021 Ending General Fund Balance Unassigned	<u>\$ 15,835,519</u>
2022 Budgeted General Fund Expenditures	\$ 39,741,811
% of Unassigned General Fund Balance to General Fund Expenditures	39.85%
Net Increase/(Decrease) in Unassigned Fund Balance	\$ 1,694,123
Percentage Change in Unassigned Fund Balance YTY	12.68%
<u>Fund Balance Policy References</u>	
Minimum General Fund Unassigned - 20% of 2022 general fund expenditures	\$ 7,948,362
Projected 2022 Debt Service Payment	\$ 15,946,360
Target General Fund Unassigned - 30% of 2022 general fund expenditures	\$ 11,922,543

The chart below outlines the budgeted use of fund balance included in this budget. Effort has been taken to mitigate the use of fund balance as part of this budget recommendation. Fund balance has seen significant declines over the past few years. Years of continued revenue restrictions and rising costs have depleted reserves.

	Amount	Intended Use
Governmental Funds		
Fund 100: General Fund	\$ 399,239	contingency fund, grant carryforward amounts
Fund 201: American Rescue Plan Act	10,163,130	2021 tranche received
Fund 205: Human Services	697,288	CCS reconciliation/WIMCR reimbursement
Fund 300: Debt Service	1,290,049	premium on 2021 bond issues/BAB refunds
Fund 405: Capital Projects	20,689,356	bond proceeds for expected carryover projects
Subtotal: Governmental Funds	<u>33,239,062</u>	
Enterprise Funds		
Fund 602: Airport	<u>2,372,230</u>	capital projects
Subtotal: Enterprise Funds	<u>2,372,230</u>	
Internal Service Funds		
Fund 703: Risk Management	217,811	prior year workers' compensation claims
Fund 704: Health Insurance	6,187	remaining wellness grant dollars
Fund 705: Shared Services	<u>152,308</u>	communication updates
Subtotal: Internal Service Funds	<u>376,306</u>	
Total Fund Balance Requests	<u><u>\$ 35,987,598</u></u>	

Capital Improvement Plan

The capital improvement plan includes county-wide capital requests for a five-year timeline. The capital program is one which will receive additional scrutiny in 2022 to evaluate long-term sustainability of investments against revenue forecasts.

Currently, the county needs to borrow to fund county-wide capital projects essential to county infrastructure and operational capacity. The recommendation for the 2022 budget is \$14.8 million. The recommendation is based on the need for infrastructure and technology investments. Significant reductions in requests were made to mitigate the use of debt. The ability to build and maintain future infrastructure is currently at risk based on the use of debt as a mechanism for funding basic county government activity. The County does anticipate that some portion of the 2022 capital requirements will ultimately be funded through ARPA funds and therefore reduce the final overall requirement for borrowing in 2022. Given the guidance for ARPA fund use is still being updated, the amount of capital funded by ARPA in the 2022 budget was conservative.

The chart below summarizes recommended capital bonding by department.

Fund	Department	Bond Funds
Fund 405: Capital Projects	Highway Facility	\$ 5,500,000
	Facilities	2,832,000
	Parks & Forest	1,467,000
	Information Systems	770,526
	Sheriff	204,350
	Planning & Development	135,000
	Nondepartmental	100,000
	Total Fund 405	
Fund 701: Highway		3,752,227
Total Bonding		\$ 14,761,103

Highlights of the capital budget include:

- Maintaining the county’s existing road and bridge infrastructure is one of the major funding challenges of the future. In early 2019 the county implemented a vehicle registration fee (VRF) . This partially covers the cost of maintaining the 421 miles of road the county is responsible for. In 2022, \$2.6M is expected in VRF revenue; and additional \$3.8M is in bonding for 2022.
- The recommendation also includes additional bonding capacity to fund cost-overages for the new Highway Facility due to significant costs increases resulting from the pandemic.
- Invests in ongoing maintenance needs and updates for parks structures and equipment. The Comprehensive Outdoor Recreation Plan highlights needed investments in our Parks infrastructure. Parks saw significant increases in usage during the pandemic.

- The investment in information systems includes essential telephony, and other network interfaces and components and software systems required to operate basic local government services.
- The capital budget also includes investments in sustainable technology (electric vehicle charging stations) and labor saving devices (floor cleaning robot).

A more thorough description of the capital plan can be found beginning on page 61.

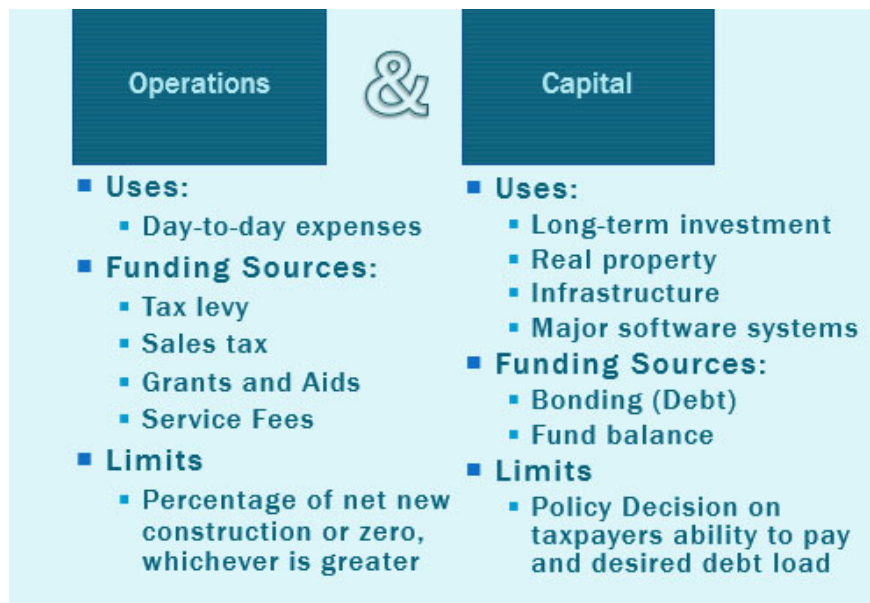
A Long-term Financial View

Long-term financial sustainability is predicated upon many variables and the interplay of those variables. Eau Claire County will analyze those variables in 2022 to ascertain a strategic plan of action to ensure that we are able to maintain county mandated services in the short and long term both in operations and capital investment.

A combination of increased levy capacity, reallocation of debt to levy, restructuring of existing debt, and continued focus on efficiencies will be needed to change the current trajectory of increased debt. The budget recommendation carefully addresses the need for continued investment, being cognizant of the desired limits on borrowing.

Essential repairs, maintenance, software enhancements, and roads have no other funding source other than debt. Efficiencies alone are inadequate to be able to reduce the expenditures enough to expand operational capacity to move projects to operations. Drastic programmatic reductions would be required to reduce operational costs effectively enough to move projects from the capital budget to operations. It would directly impact the county’s ability to provide essential, mandated services in critical areas.

The graphic below highlights the two types of levy the county relies upon for providing local government services.



2022 Key Program Development Areas

Based upon County Strategic Plan initiatives, evidence based best practices, ongoing demands for services and budgetary pressures, the following county programs and operations are areas of focus and development for 2022

SUBJECT	DESCRIPTION
Financial stabilization	<p>The work continues from 2020. The board will reorganize in April of 2022 and begin a strategic plan for the following two years.</p> <p><u>Accomplished by:</u> Phase I: Setting expectations with staff during organizational effectiveness meetings with departments to create organizational flexibility and alignment around services. Phase II: Strategic Plan Phase III: Using community forums as a tool for inclusive, diverse discussion on future state of county government services. What, how much and at what cost. Phase IV: Identification of board direction for significant policy areas:</p> <ol style="list-style-type: none"> 1. What should be funded by debt? Level of debt required to fund ongoing infrastructure and operations. 2. Agreement on strategies for continued efficiencies. 3. Service level discussions.
Compensation Philosophy and Strategic Direction	<p>The budget includes funding to update job descriptions, and to begin to adjust the compensation matrix. An internal task force will be formed to conduct this work.</p>
Equity, Diversity, Inclusion and Social Justice	<p>The budget as recommended funds activities to develop a culture that values equity, diversity and inclusion. In 2021 the county developed a comprehensive EDISJ strategic plan for internal operations. The county also continues to partner within the community to influence and lead this dialog with all community partners.</p>
Systems Improvements: Internal Controls	<p>The budget contains investments in the resource areas of software, and personnel to continue building the systems that support improved systems and practices. The Finance team has worked at solidifying and enhancing central accounting financial practices. Reporting has been improved and the chart of accounts has been enhanced for control purposes. Resources will be devoted to the following areas of focus in 2022:</p> <ol style="list-style-type: none"> 1. Process documentation on consistent practices. 2. Fiscal policy generation based on improved processes. 3. NeoGov Learn: development of training modules and compliance verification. 4. Internal controls capacity through new Finance position.

Conclusion

The budget is developed with long-term financial sustainability in mind – beyond 2022. Eau Claire County will analyze the variables that lead to a sustainable budget; and ensure that we are able to maintain county mandated services in the short and long term both in operations and capital investment.

This budget is:

1. **A Policy Document** – reflective of constituencies’ desired type and level of service that encompasses the unique flavor of Eau Claire County.
2. **An Operations Guide** – providing direction on policy implementation in a detailed form.
3. **A Planning Document** – embodying the mission, vision, and goals of Eau Claire County government, incorporating the strategic plan.
4. **A Communications Device** – providing transparency, accountability, and information.


County government serves two purposes. It provides certain services at the local level for the state, and it is also a unit of local self-government. Counties engage in activities specifically authorized by statute and have a great deal of latitude in the way in which services are actually provided. There are a multitude of good things that government does, and even more that could be done. The challenge will always be balancing the needs of the communities we live in against limited revenue sources.

This is at the heart of the mission - “To provide quality, innovative and cost-effective services that safeguard and enhance the well-being of residents and resources.”

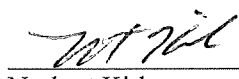
This budget is the product of dedicated time, energy and effort by the board, staff, and community partners. Additional gratitude is extended to the team in Finance and Samantha Kraegenbrink in Administration for their diligence in improving readability and ease of access to the information.

We are available to answer questions you may have regarding the enclosed recommendations.

Respectfully,



Kathryn Schauf
County Administrator



Norbert Kirk
Finance Director