

# FY 2024 PROPOSED BUDGET OVERVIEW

Presented by  
Penny Postoak Ferguson - County Manager  
Scott Neufeld - Budget Director  
Robin Symes - Deputy Budget Director

May 18, 2023



# AGENDA

- Accomplishments
- Economic outlook/workforce pressures
- Budget summary & multi-year financial projections
- Request for additional resources
- Capital Improvement Program
- Upcoming Challenges/Conclusion/Schedule

# Accomplishments

- One of the top counties in the nation by Niche
- Continued high marks from the Community Survey reflecting quality of services
- Dedicated workforce
- Lowest county tax as a percent of household income compared to the state's other urban counties

# 2024 Proposed Budget - Key Points

- 0.250 mill levy reduction County Taxing District
- Competitive Compensation
  - County salary and benefit study implementation
  - New Med-Act step plan implementation
  - Sheriff revised step plan - transition to on-going funding
- Maintains service levels with select enhancements related to BOCC priorities and community survey
- Prudent Use of Reserves

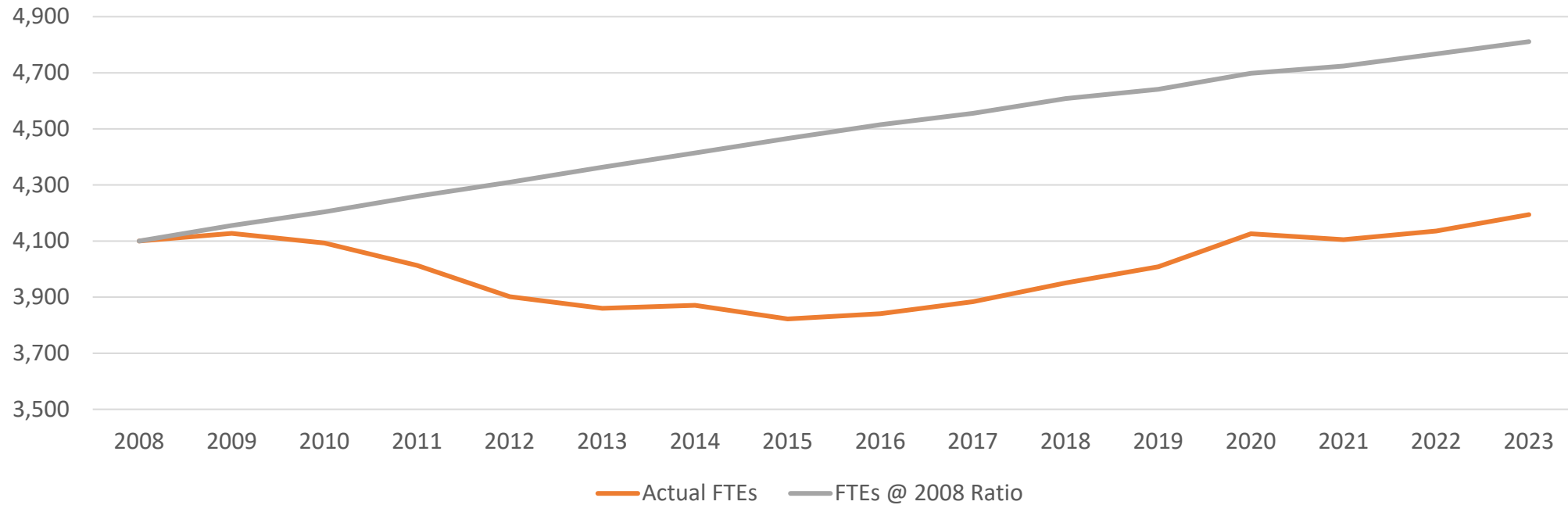
# Economic Outlook/Workforce Pressures



# Economic Outlook for Johnson County

- Economic impacts to revenue
  - Continued strong real estate market
  - Investment interest revenue
  - Sales and Use Tax
- Variables causing uncertainty
  - Inflation
  - Prolonged workforce pressures
  - Possible recession

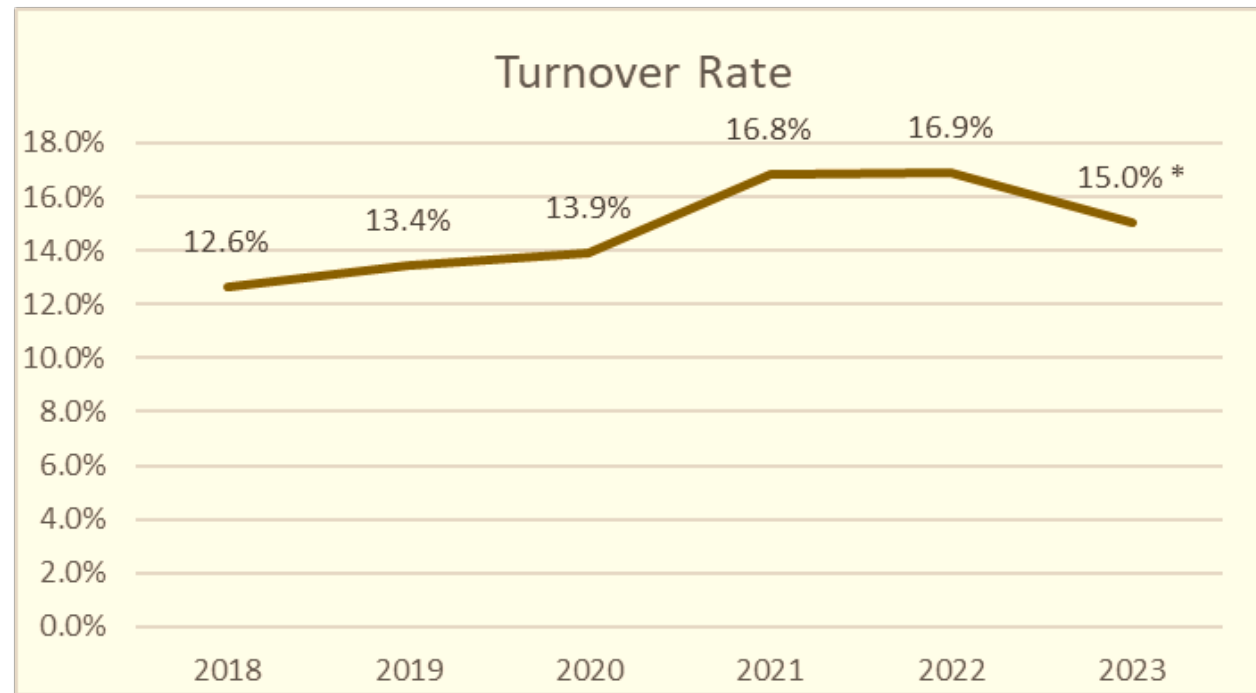
# Actual FTEs vs. Population Growth



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actual FTEs	4,100	4,127	4,093	4,013	3,902	3,860	3,871	3,822	3,841	3,884	3,951	4,008	4,126	4,105	4,136	4,194
FTEs @ 2008 Ratio	4,100	4,156	4,204	4,260	4,310	4,363	4,414	4,466	4,515	4,555	4,608	4,641	4,698	4,724	4,767	4,811
Difference	-	(48)	(111)	(246)	(408)	(503)	(543)	(644)	(674)	(671)	(657)	(633)	(573)	(619)	(631)	(617)

# Workforce Market Pressures

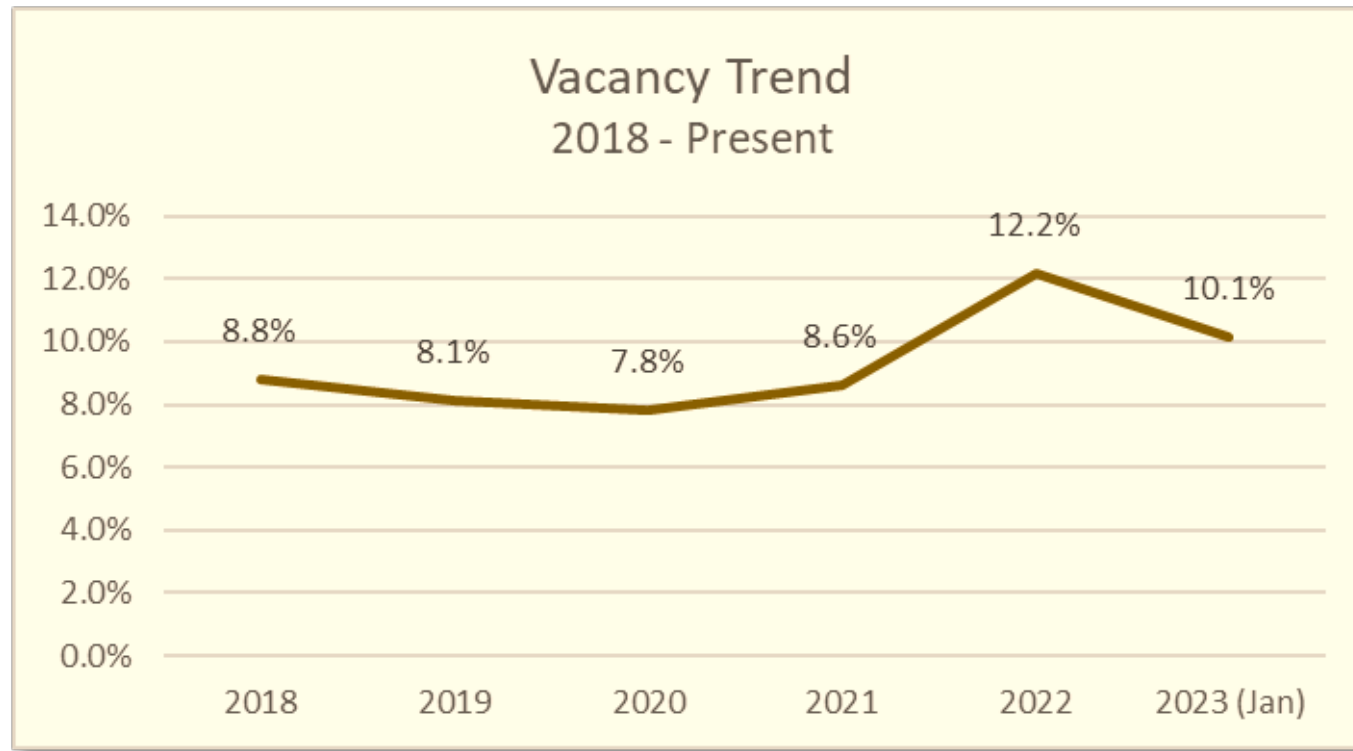
- Low unemployment rate
  - 3.5% national rate/2.7% Johnson County rate
- High turnover rate





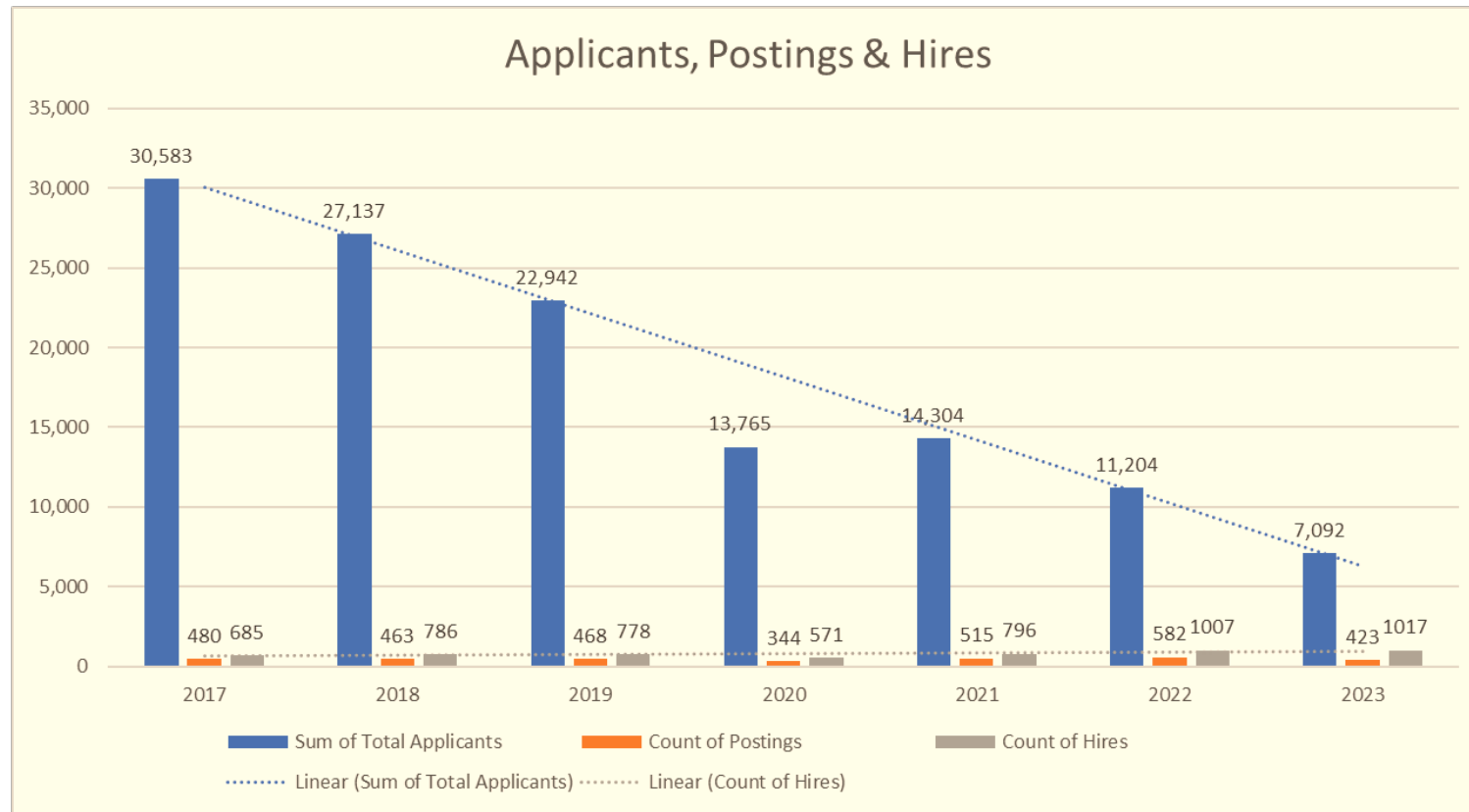
# Workforce Market Pressures

- Vacancy rate



# Workforce Market Pressures

- Low number of applicants



# Compensation Strategy

- Pay adjustments to address market equity issues for targeted jobs
  - \$2.2 million (cost included in salary and benefit study total)
- Implementation of salary and benefit study
  - Total cost \$18.9 million (\$10.1 million tax impact)
- Implementation of Med-Act new step plan
  - Total cost \$2.6 million
- Sheriff revised step plan - transition to on-going
  - \$13.2 million
- 4% Merit/1% Market

# Budget Summary & Multi-Year Financial Projections



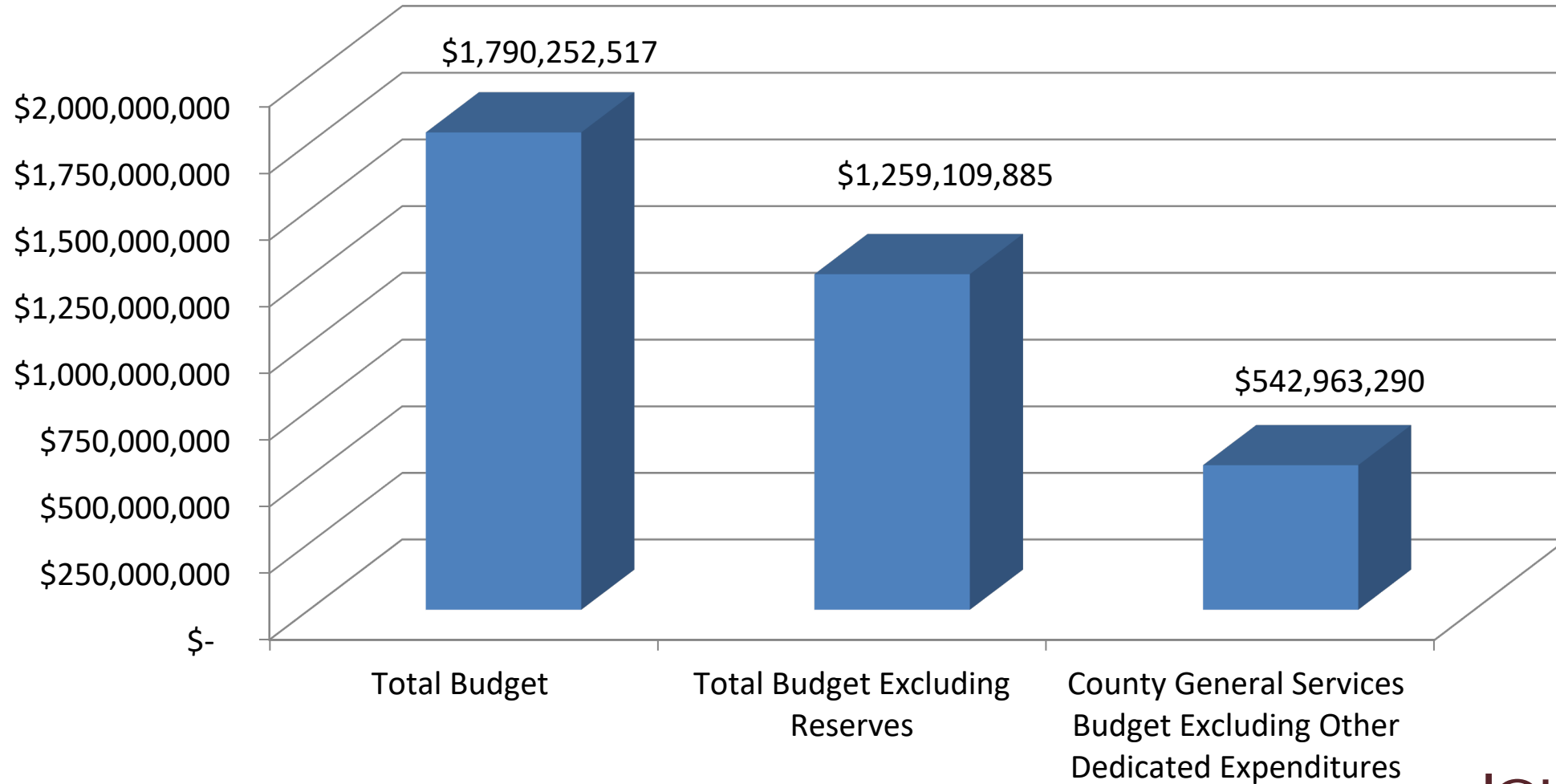
# Budget Principles

- Fund on-going operating expenditures with on-going revenue sources
- Maintain a sufficient General Fund reserve for Triple AAA bond rating, unknown, and unusual circumstances
- Prudent financial management to avoid budget shortfalls during the fiscal year

# FY2024 Budget Summary

- \$1.79 Billion - Total Budget
  - \$1.26 Billion - Expenditures
  - \$531.1 Million - Reserves
- 24.358 mills (0.250 Mill Levy Reduction)
  - 17.522 County Taxing District
  - 3.815 Library
  - 3.021 Park & Recreation
- 4,265.94 FTEs (31.75 new FTEs for FY 2024 and 39.95 FTEs added since the FY 2023 adoption-funded by grants and fees)

# County General Services Expenditure Budget



# County Budget Expenditure Breakdown (in millions)

- FY 2024 Total Proposed Budget (excluding Reserves)      \$1,259.1
- Less:**
- Wastewater Operations & Maintenance and  
    Sewer Repair and Construction Finance Plan              (\$321.3)
- Library General & Special Use                                      (\$57.7)
- Park & Recreation Government Funds                              (\$56.1)
- Park & Recreation Enterprise Fund                                (\$34.0)
- Grant Funded Expenditures                                        (\$101.8)
- Outside Funds with Dedicated Revenue Sources              (\$45.6)
- Fee Supported Expenditures                                        (\$14.0)
- Transfers Between Depts. (Double Entry Exp.)              (\$85.7)
- TOTAL COUNTY TAX SUPPORTED EXPENDITURES              \$542.9**



# County Budgeted Reserves Breakdown (in millions)

FY 2024 Total Proposed Budget Reserves	\$531.1
<b>Less:</b>	
Wastewater O&M and SRCFP Funds	(\$206.4)
Library General & Special Use Funds	(\$12.9)
Park & Recreation Government Funds	(\$16.6)
Park & Recreation Enterprise Funds	(\$17.5)
Public Health	(\$7.8)
Developmental Supports	(\$9.0)
911 Fund	(\$3.2)
Airport Funds	(\$5.1)
Mental Health	(\$9.8)
Transportation	(\$3.5)
Stormwater	(\$6.8)
Public Works	(\$1.6)
<u>Other Outside Funds</u>	<u>(\$9.5)</u>
<b>TOTAL GENERAL FUND RESERVES</b>	<b>\$221.4</b>

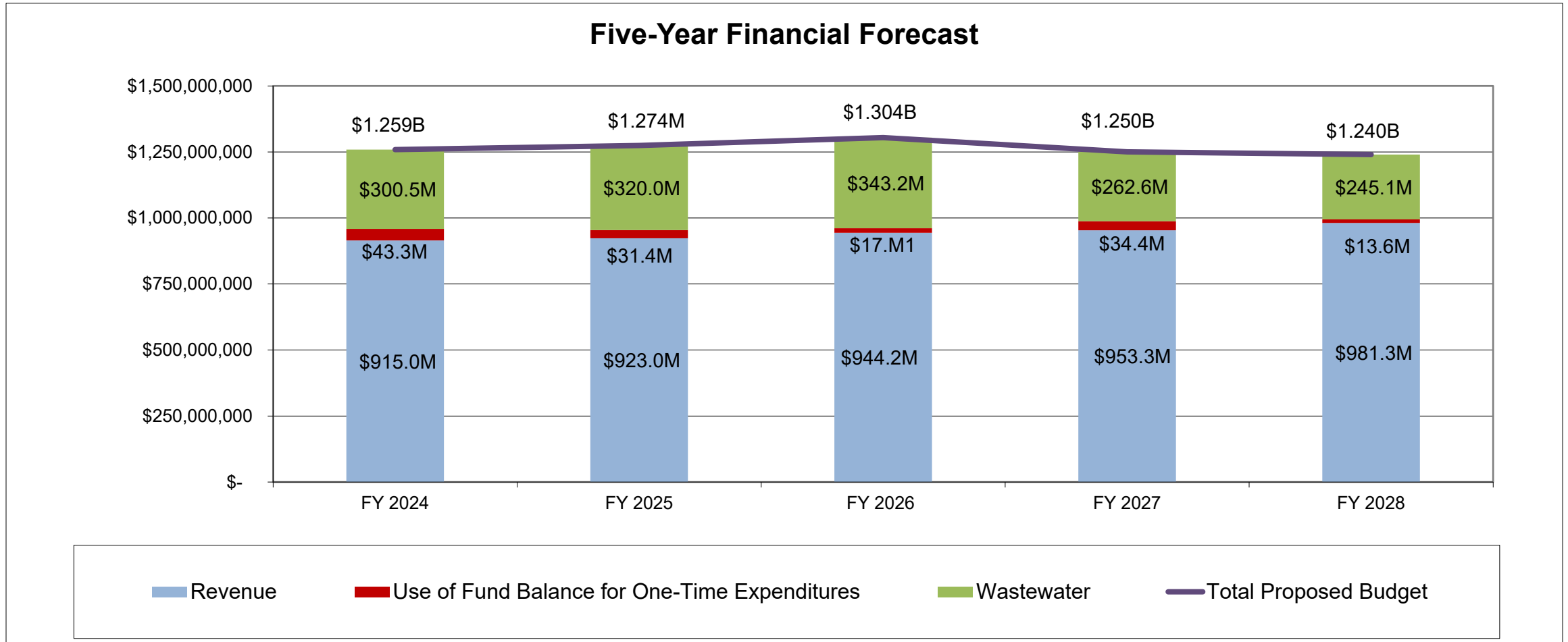
# Five Year Forecast: Revenue Assumptions

Revenue Assumptions	2023	2024	2025	2026	2027	2028
Local/Public Safety Sales Tax	4.00%	3.00%	2.0%	2.0%	2.0%	2.0%
Local/Public Safety Use Tax	10.0%	8.0%	6.0%	6.0%	6.0%	6.0%
Motor Vehicle Tax	(3.9%)	1.5%	3.0%	3.0%	3.0%	3.0%
Recording Fee	\$6.0M	\$6.0M	\$6.0M	\$6.0M	\$6.0M	\$6.0M
Special Highway Fund	\$12.7M	\$13.1M	\$13.1M	\$13.1M	\$13.1M	\$13.1M
Assessed Valuation Change	9.93%	11.19%	7.04%	5.15%	5.19%	5.23%
Ad Valorem Tax Revenue 2023 - 0.960 mill levy rollback 2024 - 0.250 mill levy rollback 2025-2028 - constant mill levy	\$315.6M	\$346.9M	\$371.3M	\$390.5M	\$410.8M	\$432.3M

# Five Year Forecast: Expenditure Assumptions

	2024	2025	2026	2027	2028
Merit Pool	4.0%	4.0%	4.0%	4.0%	4.0%
Market Adjustment	1.0%	1.0%	1.0%	1.0%	1.0%
Personal Services Slippage (vacancy factor)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)
Health Insurance Increase	0.0%	3.0%	4.0%	5.0%	5.0%
On-Going Tax Supported Expenditure Requests (RAR)	\$6.3M	\$1-5M	\$1-5M	\$1-5M	\$1-5M
One-Time Expenditure Requests (General Fund RAR or CIP)	\$18.4M	\$9.9M	\$9.9M	\$9.9M	\$9.9M

# FY 2024 - 2028 County Five-Year Forecast



*\*Includes FY 2024 - 0.250 mill levy rollback, FY 2025-2028 - constant mill levy*

# FY 2024 - FY 2028 General Fund Five Year Forecast - 0.250 Mill Levy Rollback 2024 (in millions)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Beg. Fund Balance	\$234.1 49.6%	\$221.4 46.9%	\$211.5 43.7%	\$201.6 42.5%	\$174.3 35.9%
Use of Reserves					
Est. One-time Exp. (RARs and CIPs)	(\$12.7)	(\$9.9)	(\$9.9)	(\$27.3)	(\$9.9)
Est. Ending Fund Balance	\$221.4 46.9%	\$211.5 44.8%	\$201.6 41.6%	\$174.3 36.7%	\$164.4 33.8%
Less: Auxiliary Fund/PSST III/Restricted Reserves	(\$87.4)	(\$87.4)	(\$87.4)	(\$70.0)	(\$70.0)
Revised Est. Ending Fund Balance	\$134.0 28.4%	\$124.1 26.3%	\$114.2 23.6%	\$104.3 22.0%	\$94.4 19.4%
Less: Est. Remaining CSF Available	(\$22.2)	(\$22.2)	(\$22.2)	(\$22.2)	(\$22.2)
Est. Ending Fund Balance	\$111.8 23.7%	\$101.9 21.6%	\$92.0 19.0%	\$82.1 17.3%	\$72.2 14.9%

# Multi-Fund Use of Reserves

Fund Bal. - %/Use	Beg	2024	2025	2026	2027	2028	End
Public Works (5-10% Target)	4.8%	\$0	\$0	\$0	\$0	\$0	4.5%
Developmental Supports (8-12% Target)	29.9%	\$600k	\$600k	\$600k	\$600k	\$600k	15.1%
Mental Health (8-12% Target)	18.0%	\$0M	\$0	\$0	\$0	\$0	14.1%
Library Operating (5-10% Target)	37.5%	\$6.5M	\$0	\$0	\$0	\$0	16.7%
Transportation (5-10% Target)	19.5%	\$438k	\$650k	\$1.3K	\$200k	\$200k	5.0%
Public Health (5-10% Target)	33.3%	\$606k	\$637k	\$0	\$0	\$0	23.2%

# Request for Additional Resources



# Board priorities

1. Working with partners to improve housing options for resident needs identified in the Johnson County Housing Continuum
2. Completing/maintaining the infrastructure needed to support our growing community
3. Investing in our workforce
4. Providing a safe and healthy community through the lens of sustainability and diversity, equity and inclusion



# 2023 Community Priorities (Community Survey)

- Perceptions of Life in Johnson County
  - 95% satisfaction as a place to live
  - 94% satisfaction rate as a place to raise children
  - 90% satisfaction rate as a place to work
- Community survey top 5 priority services
  - MED-ACT
  - Emergency preparedness
  - Parks
  - Libraries
  - Election Office
- Community's most important services with highest opportunity for return on investment
  - Aging and Human Services
  - Mental Health services

# 2024 Funded Request for Additional Resources - Personnel/Non-Personnel

Strategic Program Area	Request	On-Going	FTE
Public Safety, Judicial, and Emer. Svcs.	Personnel	\$2,240,000	9.0 FTE new, 4.0 FTE grant to county funding, 10 temporary to regular
	Non-Personnel	\$1,785,000	Contractual increases
	One-Time	\$6,731,000	Equipment replacement, Med-Act co-location agreements, Vehicles and Fuel, COR one-time assistance
Records & Taxation	Non-Personnel	\$230,000	Contractual Increases
	One-Time	\$4,050,000	Presidential Election, Presidential Primary
Culture & Recreation	Personnel	\$348,000	2.75 FTE Parks/1.00 FTE Library
Health & Human Services	Personnel	\$1,560,000	17.0 FTE new
	Non-Personnel	\$72,000	Contractual Increases

# 2024 Funded Request for Additional Resources - Personnel/Non-Personnel - continued

Strategic Program Area	Request	On-Going	FTE
Support Services	Personnel	\$160,000	1.0 FTE new fee funding
	Non-Personnel	\$2,031,000	Contractual Increases
	One-Time	\$110,000	Equipment Replacement
Infrastructure	Personnel	\$150,000	1.0 FTE new Wastewater
	Non-Personnel	\$1,510,000	Contractual Increases - Wastewater
	One-time	\$3,750,000	New Century/Overlays and Equipment

# Capital Improvement Program



# 2024 Capital Improvement Program Sources Summary

Funding Source	Amount
Dedicated	\$270,478,080
On-Going Ad Valorem	\$4,905,500
Other Funding	\$13,354,176
Debt Service	\$92,114,000
General Fund Balance	\$3,551,300
<b>TOTAL</b>	<b>\$384,403,056</b>

# Projects with Dedicated Funding

Project	2024 Capital	Source
Wastewater Projects	\$189,199,000	User Fees
Parks and Recreation Capital Projects	\$23,348,153	Parks Mill Levy
Public Works CARS Program	\$18,146,572	Special Highway Tax & Ad Valorem of .343 mills
Stormwater Capital Projects	\$21,573,885	Stormwater Sales and Use Tax
Library Projects	\$10,399,696	Library Mill Levy/Fund Balance
Airport Projects	\$7,810,774	Airport Funds/General Obligation Bonds
<b>TOTAL</b>	<b>\$270,478,080</b>	

# Projects with Other Funding

Project	2024 Capital	Source
Public Works-Lackman RD - 159th St to 167th St	\$2,350,000	CARS Reserves
Public Works-Pflumm - Bridge Replacement	\$500,000	CARS Reserves
BOCC Hearing Room Technology Support	\$570,000	On-Going Ad Valorem/County Clerk Technology Fund
Facilities-Capital Replacement Program (CRP)	\$4,177,200	General Fund Balance/On-Going Ad Valorem
Transit Projects	\$5,756,976	Federal & Local/Transportation fund balance
<b>TOTAL</b>	<b>\$13,354,176</b>	

# Projects with General Fund Balance Funding

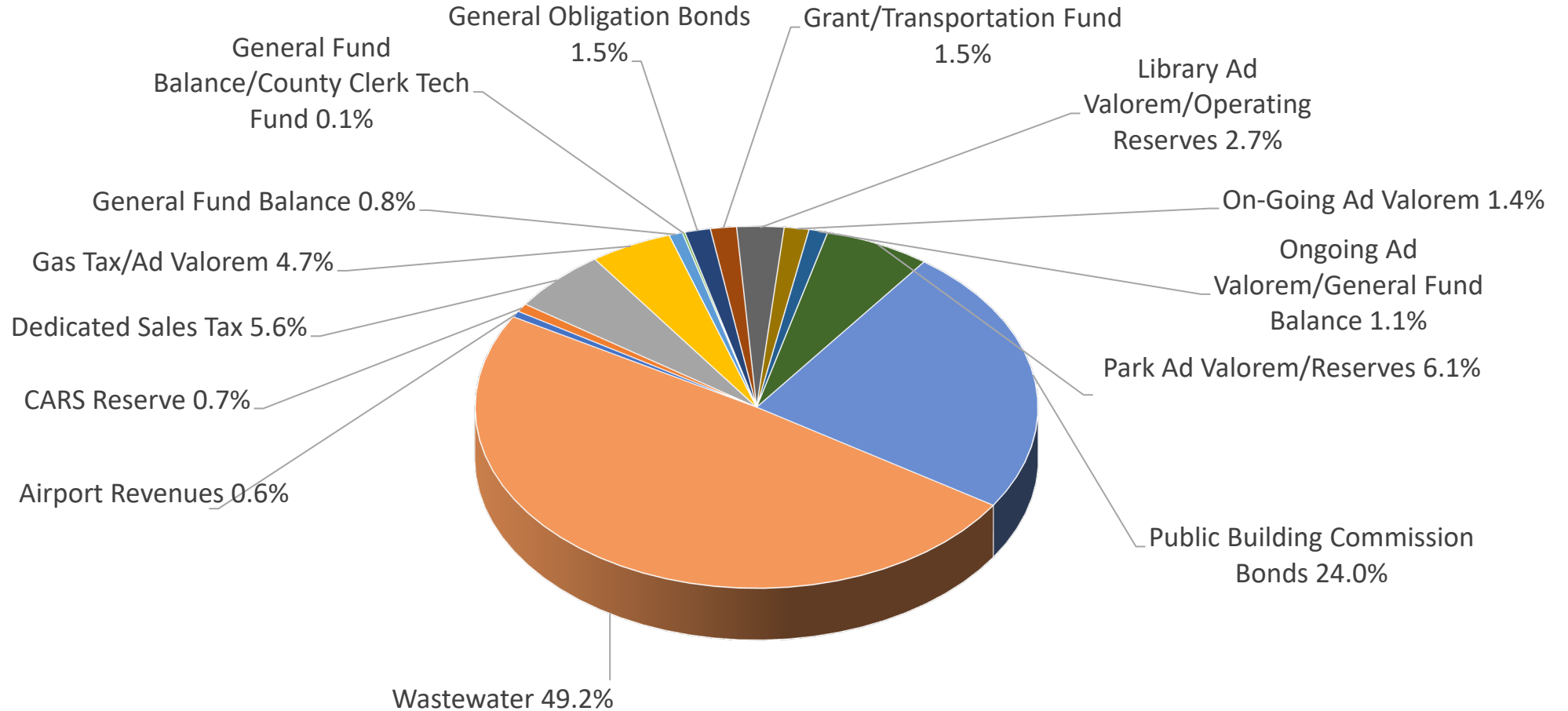
Project	2024 Capital
DES - Radio System Infrastructure	\$342,000
DES - EOC Equipment Replacement	\$500,000
Elections - Poll Pad Printers	\$561,500
FAC - Electric Vehicle Master Plan Study	\$150,000
FAC - Major Asset Replacement Program (MARP)	\$1,599,800
SHR - County Security Improvements	\$398,000
<b>TOTAL</b>	<b>\$3,551,300</b>



# Projects with Ad Valorem/Debt Funding

Project	2024 Capital
<b>Debt</b>	
Facilities-New Human Services Building	\$83,454,000
Sheriff-NCADC Remodel for Video Court	\$8,660,000
<b>Ad Valorem</b>	
DTI - Infrastructure Maintenance (DTI)	\$938,000
DTI - Infrastructure Maintenance (JIMS)	\$1,207,500
DTI - Fiber Expansion	\$310,000
DTI - Voice Systems Strategy and Migration	\$50,000
PWK - Bridge, Road and Culvert Safety Program	\$2,400,000
<b>TOTAL</b>	<b>\$97,019,500</b>

# Source of Funds for FY 2024 CIP (in %)



# Summary

- 0.250 mill levy rollback
  - Rollback in last six out of seven years
  - Total rollback from 2017 - 2024 equal to 2.249 mills
- \$6.3M funding for on-going needs
- 41.00 County funded FTE added (27.00 new)
  - Sheriff/District Attorney 14.0
  - Mental Health 15.0
  - Med-Act 9.0
  - DHE/Aging & Human Services 2.0
  - DTI 1.0
- \$14.7M funding for one-time needs (\$12.2M General Fund reserves)
- \$384.4M Capital Improvement Program (\$103.3M General Fund)
- Budget addresses compensation for employees
- Structurally balanced budget and 5-Year Forecast
- Triple-AAA bond rated
- Perceptions of Life in Johnson County
  - 95% satisfaction as a place to live
  - 94% satisfaction rate as a place to raise children
  - 90% satisfaction rate as a place to work

# Upcoming Challenges/Conclusion



# Upcoming Challenges

- Long-term solutions for those who are housing insecure and homeless
- On-going workforce market pressures
- Growth in community
- Potential recession
- Inflation

# Conclusion

- Budget considers the feedback from the community survey and BOCC's strategic priorities
- Addresses workforce to recruit and retain county's number one asset - employees
- Maintains existing services and high quality to the community
- Balances multi-year forecast
- Quarter mill levy reduction is achievable while addressing compensation and service delivery needs
- Upcoming budget process

# FY 2024 Budget Calendar

- Proposed budget overview May 18
- Department Budget Presentation May 25, June 1, 8, 15
- BOCC budget deliberations June 22, 23
- BOCC set max. exp. for publication June 29
- *Public Hearing/Revenue Neutral Rate Hearing August 21*
- *BOCC budget adoption August 31*

# Detail Budget Schedule

- May 25 (1:00 pm - 5:00 pm)
  - Health & Human Services
    - Developmental Supports
    - Aging and Human Services
    - Department of Health and Environment
    - Mental Health
    - Commissioner Request: Low-Income Senior and Disabled Veteran Tax Relief Program
  - Outside Agencies
    - Arts Council
    - County Economic Research Institute (CERI)
    - Fair Board
    - United Community Services (UCS)



# Detail Budget Schedule

- June 1 (1:00 pm - 5:00 pm)
  - Infrastructure
    - Airport
    - Planning/Contractor Licensing
    - Public Works
    - Stormwater
    - Transit
  - Enterprise Center
  - Culture & Recreation
    - Library
    - Parks and Recreation

# Detail Budget Schedule

- June 8 (1:00 pm - 5:00 pm)
  - Wastewater
  - Records & Taxation
    - Appraiser
    - Elections
    - Treasury, Taxation and Vehicles
  - Support Services
    - BOCC/Audit, Budget & Financial Planning, County Manager's Office, Dept. of Technology and Innovation, Facilities/Fleet, Financial Management and Administration, Human Resources

# Detail Budget Schedule

- June 15 (1:00 pm - 5:00 pm)
  - Public Safety, Judicial and Emergency Services
    - District Attorney
    - District Courts
    - Corrections
    - Department of Emergency Services
    - Sheriff
- June 22, 23
  - BOCC budget deliberations