

Waterloo, Iowa February 13, 2019

The Board of Supervisors of the County of Black Hawk, in the State of Iowa, met in regular adjourned meeting at the Courthouse in Waterloo, County Seat of said County, at ten o'clock (10:00) a.m., pursuant to law, to the rules of said Board, and to adjournment. The meeting was called to order and on roll call there were present: Linda Laylin, Chris Schwartz, Dan Trelka, Craig White and Tom Little, Chair.

Absent: None.

Unless otherwise noted, all actions were approved unanimously.

Moved by White, seconded by Schwartz that the AGENDA be received and place on file with the County Auditor as approved. Motion carried.

The Board considered various aspects of the FY20 Black Hawk County Budget. As requested, Finance Director Susan Deaton presented two budget scenarios in addition to the one that covered capital expenditures with \$905,396 in tax askings and \$510,000 in general fund reserves. Scenario 2 increased use of reserves (and decreased tax askings) by an additional \$250,000 and Scenario 3 by an additional \$500,000. Scenario 1 would leave the estimated FY20 ending unassigned general fund balance at 35.2% of general fund expenditures, would decrease the urban tax rate from \$6.69303/\$1000 to \$6.38762, and would lower county taxes on a house assessed at \$100,000 from \$372 to \$364. Scenario 2 would be at 34.5%, \$6.34343/\$1000, and \$362. Scenario 3 would be at 33.9%, \$6.29924/\$1000, and \$358. She said that this did not include the proceeds from the sale of Country View, which are expected to be \$2.5-3 million, and will be divided between the general fund and the mental health fund in yet-undetermined amounts. Little said that the Country View proceeds will inflate an already-too-large fund balance, which should be closer to the county's goal of 25%. Deaton said that the Board has supported but has not fully discussed a plan to install solar panels at some building, which along with other unknowns will likely be addressed by use of reserves. Laylin supported Scenario 1, citing items such as uncertainty on the commercial and industrial property tax backfill, Information Technology reorganization, reserves for capital improvements and reduced reliance on bonding. Deaton said she would like to reduce the fund balance gradually to maintain a stable tax rate. Little said he wanted to reduce the fund balance to 30% or lower.

Moved by White, seconded by Trelka to reduce the FY20 year-end unassigned general fund balance to 30%.

Deaton said that that much of a reduction would result in reserves being used to fund ongoing operating expenses. She and County Auditor Grant Veeder advised against using reserves to fund ongoing operating expenses, because the same operating expenses will most probably still exist in future budget years, and when reserves are spent down they will have to be covered by other sources, most probably property taxes. Little asked Deaton to calculate the amount of additional reserves that would be spent to lower the year-end balance to 30%. Schwartz asked her to also calculate the effect of using reserves only to the extent of funding all budgeted capital expense. The Board recessed while Deaton made calculations.

After the recess, Deaton presented Scenarios 4 (using reserves for all capital expenditure) and 5 (reducing the fund balance to 30%). She said that Scenario 4 uses \$1,415,396 of reserves. It would leave the estimated FY20 ending unassigned general fund balance at 32.9% of general fund expenditures, would decrease the urban tax rate from \$6.69303/\$1000 to \$6.22724, and would lower county taxes on a house assessed at \$100,000 from \$372 to \$354. Scenario 5 uses \$2,597,403 in reserves, and would be at 30%, \$6.01832, and \$342. She said it would use \$1,182,007 of reserves for operating expenditures. She said this would reduce flexibility for paying for capital expense next year, and would require a 6.1% tax rate increase to get to the Scenario 1 rate of \$6.38762/\$1000.

Little called for a roll call vote on the motion to reduce the FY20 year-end unassigned general fund balance to 30%.

AYES: None.

NAYS: Laylin, Schwartz, Trelka, White, Little. Motion failed.

Moved by Trelka, seconded by Schwartz to approve Scenario 3, using \$1,010,000 of reserves for capital expenditures.

AYES: Laylin, Schwartz, Trelka.

NAYS: White, Little.

Motion carried.

On motion and vote the meeting adjourned at 11:10 am.

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Tom Little, Chair, Board of Supervisors

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Grant Veeder, County Auditor