

## FY21 CLAY COUNTY BUDGET OVERVIEW

The following information is presented to give explanation and meaning to the Clay County Board of Supervisor's budget for the fiscal year beginning July 1, 2020 and ending June 30, 2021. This document will compare over ten (10) years of taxable valuations for rural and urban property, related tax levy rates, and departmental expenditures within the governmental fund structure of the County Chart of Accounts.

This budget is compiled on a cash basis for the fiscal year in four (4) major fund groups of General that includes General Basic and General Supplemental; Special Revenue that includes County MHDS, Rural Basic, Secondary Roads, Records Management, and Local Option Sales Tax; Capital Project Funds and Debt Service Funds. The expenditures in each fund are categorized in eight (8) Service Areas which includes Public Safety, Physical Health, County MHDS, County Environment, Roads & Transportation, Governmental Services to Residents, Administration, and Non-program Expenditures that relate to long term debt and capital projects.

Historically, over ten (10) years, the total taxable values on Rural and Urban properties in Clay County have ranged from a low in FY11 of \$834,870,613 to a high in FY21 of \$1,148,468,200 averaging over ten (10) years to \$1,100,582,103. The total taxable value of property increased an average of 3.26% annually over the last ten (10) years. The countywide value is used to generate property tax revenue that offsets proposed budget expenditures submitted by the various county departments and outside agency requests for funding. Since fiscal year 2011 the taxable values have grown by \$313,597,587 virtually \$157 million in rural taxable values and \$155 million in urban value surrounding residential and commercial property reappraisal and new construction.

Taxes on property for fiscal year 2021 in Clay County represents approximately 52.02% (\$8,681,164) of all revenue collected. FY21 has budgeted revenues totaling \$16,689,063 which increased by \$1,075,464 dollars from FY20 due primarily from Secondary Roads Federal Tax Refunds, LOSST, and State Shared Revenue. The total Intergovernmental or State Shared Revenues represents approximately 34.98% or \$5,837,162. The State shared revenues include grants, property tax replacements dollars, Federal entitlements, and contributions or reimbursements from other local government units. The balance of revenues come from Charges for Services both statutory and non-statutory, License & Permits, Utility Tax Replacement Excise Taxes, interest earned on investments, and miscellaneous reimbursements.

The Rural taxable values in Clay County support expenditures for service areas of Public Safety and County Environment and Education. For the FY21 fiscal year the Rural Basic Fund will support \$1,115,227 in service area expenditures and a transfer to Secondary Roads of \$1,375,500 totaling \$2,490,727. The rural expenditures decrease is \$18,570 from FY20. Rural Valuations had a decrease of \$16 million in taxable valuation for FY21 which resulted in a decrease of \$36,402 being transferred to Secondary Roads.

The Rural tax levy will increase to \$3.878 per thousand of taxable valuation for FY21. The Rural Basic property taxes to collect in FY21 will increase by \$2,225. The projected ending fund balance for June 30, 2021 in Rural Basic is \$271,312 which includes a transfer of \$1,375,500 to Secondary Roads to comply with the Road Use Tax Funding requirement. The projected ending balance represents 24.32% of proposed expenditures for FY21.

Urban taxable values in Clay County support services in areas not specific to rural property. The FY21 urban taxable values have increased 4% or \$22.5 million from FY20 at \$556,992,117 to \$579,565,318. All taxable value, whether rural or urban, support services budgeted in all of the eight (8) service areas mentioned on page 1. The combined countywide taxable valuation for FY21 is \$1,148,468,200 which was \$1,140,423,981 in FY20 for an increase of .7%.

The County's total proposed expenditure budget is \$18,388,175 which is a increase from the FY20 expenditure budget by \$616,017 due primarily to secondary road capital projects. There are numerous explanations in the following sections that will speak to the departmental budget changes, and capital projects that coincide with debt service rates. The effect of Tax Increment Financing (TIF) projects, in the generation of tax revenue in the County, will also be clarified. The mechanism of tax increment financing for funding economic development in the County has existed since the mid 1980's. An area of land in need of an economic boost is designated, usually by a city, to be a tax increment finance district. The taxable value of that district is then frozen to the value it was on the day of creation. This frozen value is called the base. All taxing authorities (i.e. county, schools, cities, and townships) have use of the base value. The TIF entity then prepares the district for development and incurs debt. As the district develops, the incremental value of taxes that would have been collected by all the taxing authorities is retained by the TIF entity to pay off the costs of development. The new value is called the increment. This increment value can only be used by taxing authorities (i.e. county, schools, cities, and townships) that have debt of their own to retire. At the end of the development project the incremental value is released to all taxing jurisdictions as value available to generate tax revenue. Clay County presently has fifteen (15) active TIF districts resulting in a captured value of \$43,552,536 to generate the \$1,268,612 dollars requested for FY21. The captured value can only be taxed by the County's debt levy. This incremental value would generate approximately \$446,504 in FY20 based on the combined county levies, if it were available.

Clay County has been levying the maximum of \$3.50 in General Basic since FY02. The General Supplemental levy began in FY04 which is limited in what can be a covered expense such as payroll taxes, various health and risk management insurance premiums, criminal prosecutions, emergency services, and court costs for juveniles. The FY04 General Supplemental levy was \$.60 to cover expenditures of \$515,074 and the FY21 levy is proposed to be \$1.37 to cover expenditures of \$1,773,954 which is an increase over FY20 of \$56,703.

The FY21 proposed budget includes the recommendations of the Clay County Compensation Board, created by Iowa Code Chapter 331.905. This Board is composed of seven (7) members appointed to four-year staggered terms of office with two members for the Board of Supervisors and one member each for the county auditor, county attorney, county recorder, county sheriff, and county treasurer. The members of the county compensation board receive no compensation and are required to meet annually to review

the compensation paid to comparable officers in other counties, other states, private enterprise, and the federal government. At the public hearing held on the county budget, the FY21 county compensation recommendation of a 3% annual increase for the Supervisors, Treasurer, Recorder, Auditor, Attorney and the County Sheriff. The increase amounts to \$883 per member of the Board of Supervisors; a \$3,012 annual increase for the County Attorney, a \$1,928 annual increase for offices of County Recorder, and County Treasurer; a \$2,538 annual increase for the County Sheriff, and a \$1,947 annual increase for the County Auditor which will be submitted for inclusion in the county budget. This annual increase reflects a total of \$15,768 for the elected officials.

The County budget also allocates non-mandated discretionary spending to support outside agencies that deliver services to the residents of Clay County in such a way that alleviates the need to grow local government departments to provide the essential services. The total allocation to non-mandated agencies for FY21 is \$363,105. The County funds that support this total allocation is as follows: General Basic \$217,605; and the Local Option Sales Tax (not property tax) \$145,700.

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### **Service Area Budget Reviews**

- **Public Safety and Legal Services:** Revenues & Expenditures for Law Enforcement, Legal Services, Emergency Services, Assistance to District Court System, Court Proceedings & Juvenile Justice Administration
  - The programs / departments of Law Enforcement, Legal Services, Emergency Services, District Court System, Court Proceedings, and Juvenile Justice Administration are funded through this service area. The proposed FY21 expenses total: \$3,519,464 which is a increase of 3.3% over FY20 or \$114,268. The Law Enforcement Program represents the largest increase in this service area due to Uniformed Patrol and Adult Correctional Services. Twenty-six percent (26%) of the total service area expense is paid for with Rural valuation.
  - While sections of Law Enforcement, Legal Services, Court Proceedings, Emergency Services, increased \$114,268 over FY20 there was no change (\$12,250) in spending in the areas of Court Proceedings and Juvenile Justice Administration.
- **Physical Health & Social Services:** Revenues & Expenditures for Physical Health Services, Services to the Poor, Services to Military Veterans, Children's & Family Services, Services to Other Adults, and Chemical Dependency Programs.
  - The departments of Sanitarian, General Relief, Veteran Affairs, Non-departmental for drug treatment, youth guidance, and services to the elderly budget within this service area.
  - The proposed FY21 expenses total: \$842,146 which is a net increase of 4.13% or \$33,466.
  - The areas of Services to Physical Health, Services to the Poor, Military Veterans Services, Children and Family Services, and Chemical Dependency Programs increased by \$33,466 due primarily to Services to Physical Health. Services to Other Adults increased \$3,061 for FY21 as did Children's and Family Service which increased \$4,920. Funding for this Service Area is totally through General Basic and General Supplemental which utilizes both Rural & Urban taxable valuation.

- Mental Health, Mental Retardation, & Developmental Disabilities: Revenues & Expenditures for Services to Persons with Mental Illness, Persons with Chronic Mental Illness, Persons with Mental Retardation, & Persons with Other Developmental Disabilities
  - The FY21 budget reflects a tax revenue funding stream to \$340,383 or a levy rate of \$.29638 / thousands of taxable valuations is translated from a formula of \$22.00 per capita population of 16,134 residents in Clay County. This levy rate is an increase of \$.09276 cents from FY20. The balance of funding is from State Replacement or entitlement dollars and the beginning year cash fund balance. Proposed revenues for FY21 from State Replacement or Shared Revenues is \$359,178 which is an increase of \$107,440.
  - The enactment of SF2315 into Iowa Code Chapter 331.388 through 331.398 changed the delivery of services from county level to a regional approach. On or before June 30, 2014, all counties were to be in compliance with all of the mental health and disability services region implementation criteria pursuant to Iowa Code Chapter 331.389(4)(d).
  - As of July 1, 2014 Clay County has been within the Northwest Iowa Care Connection Region comprised of six counties (i.e.: Osceola, Dickinson, O'Brien, Palo Alto, and Clay) with O'Brien County functioning as the regional fiscal agent. Due to this legislation all revenues collected and cash on hand held by Clay County are disbursed to the fiscal agent less our local administrative costs.
  - The proposed expenses for FY21 are \$354,938 with \$174,180 identified as administrative costs.
  - The proposed ending cash fund balance in Mental Health is \$166,508.
  
- County Environment & Education: Revenues & Expenditures for Environmental Quality, Conservation & Recreational Services, Animal Control, Educational Services & County Development are funded through this service area by dollars in General Basic, General Supplemental, Rural Services, & REAP
  - The total proposed expenditures are \$1,565,408 which is a net decrease of \$173,389 or 11%.
  - Conservation & Recreation Services Program represent the largest decrease of \$193,922.
  - 60% of this service area spending is from General Basic & General Supplemental fund that utilize both Rural & Urban taxable valuation while 12% of the expenditures are paid for from Rural Basic that is restricted to provide services to rural residents only. The remaining 28% of funding is from other funds such as Local Option Sales & Service Tax, REAP or Land Acquisition Fund.
  
- Roads & Transportation: Revenues & Expenditures for Secondary Roads Administration and Engineering, Roadway maintenance, General Roadway Expenditures, and Mass Transit.
  - The total proposed expenditures for FY21 are \$6,313,828 which is a decrease of \$202,778 primarily in the area of Roadway Maintenance Programs.
  - Secondary Roads Administration increased by \$70,867 or 9.55% from FY20.
  - Roadway Maintenance programs covering bridges, roads, and snow & ice control decreased by \$251,156 from FY20 primarily in all areas of Bridges and Culverts.

- General Roadway Expenditures covering equipment operations decreased by \$22,489 from FY20.
  - This service area is not funded by direct taxation but rather by transfer of funds from the General Basic, Rural Basic Funds, and Local Option Sales & Service (LOSST) funds. The operating transfers for FY21 are \$151,705 from General Basic and \$1,375,500 from the Rural Basic fund, and \$1,000,000 from the LOSST funds. This is a decrease of \$38,582 from General Basic and Rural Services that ensures access to State Road Use Tax dollars.
  - Revenues to Secondary Roads, other than from transfer, are proposed to be \$4,691,296 which is an increase of \$896,650 from FY20 primarily from Federal Grants and Entitlements.
  - State Shared Revenues represents 72% of the revenues while Intergovernmental State Shared Revenues represent 27%. The remaining 1% is received from Licenses & Permits, Use of Money & Property, and Miscellaneous revenues.
- Governmental Services to Residents: Revenues & Expenditures for Representation Services and State Administrative Services
    - The departments of Auditor, Treasurer, and Recorder provide services through this service area.
    - This service area proposed expenditures for FY21 are \$730,655 which is an increase of \$89,715 due primarily to the Elections Administration and Driver License Services.
    - The administration of all Federal, State, and County elections and township officials services are covered here. The proposed FY21 is \$272,083 which reflects a 7% increase over FY20 expenditures. Updating election equipment and general election costs are reflected in this increase.
    - The Motor Vehicle Registration & Licensing services are covered here totaling \$215,613 reflecting an increase of \$62,919 over FY20.
    - The Recorders Records Management of Public Documents is serviced here for \$242,959 in FY21 reflecting a \$7,890 increase over FY20.
  - Administration: Revenues & Expenditures for Policy & Administration, Central Services, & Risk Management Services
    - The Board of Supervisor, Auditor, Treasurer, Data Processing, GIS, and Non-departmental departments propose budgets in this service area.
    - Proposed expenditures for FY21 are \$2,848,994 which is an increase of \$122,348 over FY20 or 4.4% due primarily in the area of Central Service Programs for general services and information technology services, and Policy & Administration Programs.
    - Building improvements of \$480,000 has been budgeted here to be paid by the Capital Improvement Fund.
    - Funding for this Service Area is through General Basic and General Supplemental which utilizes both Rural and Urban taxable valuation.

- Long Term Debt: General Obligation Bonds, TIF Bonds, Revenue Bonds, Loans, and Lease-Purchase Payments are reported in the County Financials Long Term Debt Schedule. Iowa Code Chapter 331.478 allows counties to contract indebtedness and issue bonds in nine (9) categories. The debt payments may be repaid by taxes levied on property or resources from the fund which the debt was incurred. Clay County presently has one loan paid by taxes levied on property and one loan by other county funds, and also reports the flow through of a loan payment for the Clay Regional Event Center. In December, 2010 the County paid off one Courthouse Restoration Loan in the amount of \$667,107. This loan was paid off five (5) years in advance of the retirement date and saved \$59,832 in loan interest.

- Debt Schedule

Description	Amount of Issue	Year Issued	Year to Retire	Paid by Debt Rate	Paid by Other Funds
Governmental Serv Building	\$400,000	2012	2022		Yes
Clay Co Jail & Sheriff Office	\$5,090,000	2011	2031	Yes	

- The proposed FY21 budget reflects \$418,450 in loan payments supported by Debt Service taxes at a rate of \$.43534 / thousands of total taxable value. The loan payments made from funds not supported by property tax equals \$44,292 for FY21 which covers the loan payment for renovation done to the Governmental Services Building.
- The Debt Service tax rate of \$.43534 / thousand has remained the same with the intent to pay additional principal payments in advance therefore retiring loans prior to their maturity dates.
- The proposed ending cash balance in the County Debt Service Fund for the year ending June 30, 2021 is \$677,824 which, by law, can only be used to retire incurred county debt.