

FY20 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, 2019 and ending June 30, 2020. 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 FY10 of \$797,019,075 to a high in FY20 of \$1,140,423,981 averaging over ten (10) years to \$968,579,537. The total taxable value of property increased an average of 3.76% 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 2010 the taxable values have grown by \$343,404,906 virtually \$200 million in rural taxable values and \$142 million in urban value surrounding residential and commercial property reappraisal and new construction.

Taxes on property for fiscal year 2020 in Clay County represents approximately 51.8% (\$8,091,627) of all revenue collected. FY20 has budgeted revenues totaling \$15,613,599 which increased by \$155,014 dollars from FY20 due primarily from Secondary Roads Federal Tax Refunds. The total Intergovernmental or State Shared Revenues represents approximately 31.5% or \$4,927,287. 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 FY20 fiscal year the Rural Basic Fund will support \$1,097,395 in service area expenditures and a transfer to Secondary Roads of \$1, totaling \$2,408,236. The rural expenditures increase of \$101,061 over FY19 is due to an increase in Public Safety and County Conservation as well as an increase in the transfer to Secondary Roads.

The Rural tax levy will remain at \$3.78 per thousand of taxable valuation for FY20. The Rural Basic property taxes to collect in FY20 will increase by \$70,555 due to increased taxable valuations. The projected ending fund balance for June 30, 2020 in Rural Basic is \$287,812 which includes a transfer of \$1,411,902 to Secondary Roads to comply with the Road Use Tax Funding requirement. The projected ending balance represents 26.22% of proposed expenditures for FY20.

Urban taxable values in Clay County support services in areas not specific to rural property. The FY20 urban taxable values have increased 3.7% or \$37.8 million from FY19 at \$536,678,564 to \$556,992,117. 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 FY20 is \$1,140,423,981 which was \$1,102,625,594 in FY 19 for an increase of 3.4%.

The County's total proposed expenditure budget is \$17,772,158 which is an increase from the FY19 expenditure budget by \$1.1 million 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 fourteen (14) active TIF districts resulting in a captured value of \$44,193,681 to generate the \$1,252,654 dollars requested for FY20. The captured value can only be taxed by the County's debt levy. This incremental value would generate approximately \$439,835 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 FY20 levy is proposed to be \$1.37 to cover expenditures of \$1,716,551 which is an increase over FY19 of \$150,406. The levy rate will be increased by \$.14 from the rate of \$1.22 in FY19.

The FY20 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 FY20 county compensation recommendation of a 3% annual increase for the Supervisors, Treasurer, Recorder, and Auditor, and a 4% increase for the County Attorney and the County Sheriff. The increase amounts to \$857 per member of the Board of Supervisors; a \$3,861 annual increase for the County Attorney, a \$1,871 annual increase for offices of County Recorder, and County Treasurer; a \$3,373 annual increase for the County Sheriff, and a \$1,890 annual increase for the County Auditor which will be submitted for inclusion in the county budget. This annual increase reflects a total of \$13,725.41 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 FY20 is \$350,005. The County funds that support this total allocation is as follows: General Basic \$209,505; and the Local Option Sales Tax (not property tax) \$140,500.

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 FY20 expenses total: \$3,405,196 which is a increase of 4.4% over FY19 or \$144,616. 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 \$144,616 over FY19 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 FY20 expenses total: \$808,680 which is a net increase of 5.510.3% or \$75,606.
 - The areas of Services to Physical Health, Services to the Poor, Military Veterans Services, Children and Family Services, and Chemical Dependency Programs increased by \$75,606 due primarily to Services to Physical Health. Services to Other Adults remained at the FY19 level of \$71,010. 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 FY20 budget reflects a tax revenue funding stream to \$232,219 or a levy rate of \$.20362 / thousands of taxable valuations is translated from a formula of \$15.00 per capita population of 16,170 residents in Clay County. This levy rate is a increase of \$.06182 cents from FY19. The balance of funding is from State Replacement or entitlement dollars and the beginning year cash fund balance. Proposed revenues for FY20 from State Replacement or Shared Revenues is \$251,738 which is an increase of \$78,303.
 - 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.: Lyon, 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 FY20 are \$242,550 with \$103,362 identified as administrative costs.
 - The proposed ending cash fund balance in Mental Health is \$197,668.

- 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 \$1,738,797 which is a net increase of \$237,616 or 15.8%.
 - Conservation & Recreation Services Program represent the largest increase of \$330,365. REAP Fund has \$261,385 budgeted for revenue to offset the increased expenses. \$60,000 is also budgeted for improvements to the Oneota Learning Center for FY20.
 - 53% of this service area spending is from General Basic & General Supplemental fund that utilize both Rural & Urban taxable valuation while 11% of the expenditures are paid for from Rural Basic that is restricted to provide services to rural residents only. The remaining 36% 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 FY20 are \$6,516,606 which is an increase of \$405,630 primarily in the area of Roadway Maintenance Programs.

- Secondary Roads Administration decreased by \$13,552 or 1.8% from FY19.
 - Roadway Maintenance programs covering bridges, roads, and snow & ice control increased by \$292,531 over FY19 primarily in all areas of Roads.
 - General Roadway Expenditures covering equipment operations increased by \$126,651 over FY19 primarily in the area of New Equipment.
 - 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 FY20 are \$150,885 from General Basic and \$1,411,902 from the Rural Basic fund, and \$1,400,000 from the LOSST funds. This is an increase of \$45,885 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 \$3,794,646 which is a decrease of \$734,721 from FY19 primarily from Federal Grants and Entitlements.
 - State Shared Revenues represents 85% of the revenues while Intergovernmental State Shared Revenues represent 14%. 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 FY20 are \$640,940 which is an increase of \$105,174 due primarily to the Elections Administration.
 - The administration of all Federal, State, and County elections and township officials services are covered here. The proposed FY20 is \$253,177 which reflects a 67.8% increase over FY19 expenditures. Updating election laptops, the combining of city/school election and primary election costs are reflected in this increase.
 - The Motor Vehicle Registration & Licensing services are covered here totaling \$152,694 reflecting an increase of \$1,815 over FY19.
 - The Recorders Records Management of Public Documents is serviced here for \$235,069 in FY20 reflecting a \$1,050 increase over FY19.
- 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 FY20 are \$2,760,254 which is an increase of \$433,002 over FY19 or 18.6% due primarily in the area of Central Service Programs for general services, information technology services, and GIS systems.
 - 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 FY20 budget reflects \$537,800 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 \$44,275 for FY20 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, 2020 is \$510,018 which, by law, can only be used to retire incurred county debt.