

FY06 BUDGET OVERVIEW

The following information is presented to give explanation and meaning to the Clay County Board of Supervisor budget for the fiscal year beginning July 1, 2005 and ending June 30, 2006. This document will compare seven (7) 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 Mental Health, 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 of Public Safety, Physical Health, Mental Health, County Environment, Roads & Transportation, Governmental Services to Residents, Administration, and Non-program Expenditures that includes long term debt and capital projects.

Historically the total taxable values on Rural and Urban properties in Clay County have ranged from a low in FY01 of \$652,068,011 to a high in FY04 of \$734,075,419 averaging over seven (7) years to \$689,894,617. From fiscal year FY04 to FY05, the taxable values dropped \$34,402,750 due to the five year productivity formula used to calculate rural value. FY06 is seeing yet another drop in total taxable value of \$10,746,014 resulting in a total of \$688,926,655 that can be used countywide to generate property tax revenue to offset proposed budget expenditures submitted by the various county departments and outside agency requests for funding. Taxes on property in Clay County represent an average of 45% (\$4,949,771) of all revenue collected. FY06 has budgeted revenues totaling \$10,974,517. The next largest revenue stream to the County is from Intergovernmental or State Shared Revenues that represents an average of 41% (\$4,550,020). 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, Local Option Sales & Service Tax collections, interest earned on investments, and miscellaneous reimbursements.

The Rural taxable values in Clay County support expenditures from service areas of Public Safety, County Environment, Roads and Transportation, and Administration related to Emergency Management. For the FY06 fiscal year the Rural Basic Fund will support \$568,503 in service area expenditures and a transfer to Secondary Roads of \$868,940 totaling \$1,437,443 which is 10.9% of all proposed County expenditures. The Rural tax levy is proposed at \$3.86 per thousand of taxable valuation. This levy is an increase from FY05 by \$.25 per thousand. Service area expenditures in Rural Basic increased by \$66,800 from FY05 to cover the addition of a patrol officer and equipment under Uniformed Patrol Services. Revenues to Rural Basic for FY06 have increased by \$135,300 due to the increase in the tax levy and additional contracted law enforcement fees from cities within the County and the reimbursement for a School Resource Officer in the Clay Central and South Clay School Districts. The projected ending fund balance

for June 30, 2006 in Rural Basic is \$77,904 which is \$625 less than the average fund balance over the past seven (7) years.

Urban taxable values in Clay County support services in areas not specific to rural property. For the FY06 taxable values have dropped \$12,641,788 from \$370,420,336 to \$357,778,548 which is a 3.4% decrease in one year. Over the past seven (7) years the Urban taxable value has been \$345 million so the proposed fiscal year of 2006 is 3.7% above average. All taxable value, whether rural or urban, support services budgeted in all of the nine (9) services areas mentioned on page 1. The countywide taxable valuation for FY06 is \$688,926,655 which is a 1.5% drop in value from FY05. Historically the countywide valuations have been as low as \$652 million in FY01 and as high as \$734 million in FY04

The County's total proposed expenditure budget is \$13,175,742 that is increased by \$2,217,000 over last year. There are numerous explanations that account for the increase and the following sections 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) have use of the base value. The city 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 city 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) 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 nine (9) active TIF districts resulting in a value of \$10,977,367 for FY06 that can only be taxed by the County's debt levy. This TIF incremental value has been as high as \$17,400,000 in FY04. This incremental value would generate approximately \$104,600. in FY06 if it were available.

Clay County has been levying the maximum of \$3.50 in General Basic since FY02 and in FY04 moved \$459,300 of expenditures to General Supplemental at the cost of \$.60 per thousand of countywide taxable valuation. General Supplemental 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. In FY05 General Supplemental expenditures were budgeted at \$596,759 costing \$.84 per thousand and the proposed FY06 expenditures are \$869,200 at a cost of \$1.15 per thousand of taxable valuation.

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 departments of County Sheriff, Child Support Recovery, Court system are funded through this service area. The proposed FY06 expenses total: \$2,108,231 which is an increase of 7 % over FY05.
 - 20% of this service area is paid for with Rural valuation
 - The increase will cover an additional Uniformed Patrol Officer, a School Resource Officer, and increased Ct appointed attorneys for Juvenile fees.
 - The scheduled funding for a new ambulance totaling \$50,000 will be paid by Local Option Sales & Service Tax funds not local property tax revenue.
- 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.
 - The proposed FY06 expenses total: \$378,329 which is an increase of 2.05% or \$7512.
 - The increase is in General Welfare Services and Veteran Services
 - 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 Mental Health revenue funding stream from county tax valuation is limited to \$402,866 since 1996. The balance of funding is from State Replacement or Entitlement dollars. Total proposed revenues for FY06 are \$1,282,189
 - Expenditures are grouped in four (4) main categories. The proposed expenses for FY06 are \$1,345,563 which is a decrease of \$63,844 or 4.5% due largely to reduced funding allowances.
 - 61.3% of this service area budget is for Mental Retardation, 40.1% for Chronic Mental Illness, 14.3% for Persons with Mental Illness, and 2.8% for Other Developmental Disabilities
- County Environment & Education: Revenues & Expenditures for Environmental Quality, Conservation & Recreational Services, Animal Control, Educational Services & County Development are funded with through this service area by dollars in General Basic, General Supplemental, Rural Services, & REAP
 - The total proposed expenditures are \$778,758 which is a decrease of \$41,646 or 5%.
 - The Educational Services Programs, Economic Development, Historic Preservation, and Conservation & Recreation Services Programs were decreased.

- 60% of this service area funding is from General Basic & General Supplemental fund that utilize but Rural & Urban taxable valuation. 28% of the expenditures are paid for from Rural Basic that is restricted to provide services to rural residents only. The remaining 12% funding is from other funds such as Local Option Sales & Service Tax or REAP
- Roads & Transportation: Revenues & Expenditures for Secondary Roads Administration and Engineering, Roadway maintenance, General Roadway Expenditures, and Mass Transit.
 - The total proposed expenditures are \$3,787,420 which is an increase of \$333,820 or 8.8%
 - The areas of Roadway Maintenance programs covering bridges, culverts, snow & ice control, and General Roadway Expenditures covering equipment operations accounted for the increase in expenditures.
 - This service area is not funding by direct taxation but rather by transfer of funds from both the General Basic and Rural Basic Funds.
 - The operating transfers are \$108,876 from General Basic, \$868,940 from Rural Basic, and \$525,000 from Local Option Sales & Service Tax Fund
- 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.
 - The administration of all Federal, State, and County elections and township officials services are covered here. Proposed FY06 is \$88,166
 - The Motor Vehicle Registration & Licensing services are covered here also totaling for FY06 \$124,780
 - The Recorders Records Management of Public Documents are serviced here for \$153,451.
 - This service area proposed expenditures for FY06 are \$366,397 which is an decrease of \$7480 or 2% due primarily in the Recorders Records Management of Public Documents section
- 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 for FY06 is \$1,236,640 which is an increase of \$84,496 or 7.3%
 - The area of Risk Management General Liability and Workplace insurance over \$34,000 accounting for the largest element of the increase in this service area.

Capital Projects

The FY06 budget includes the expenditures necessary to begin the restoration of our Courthouse. The firm of Wetherell, Ericsson, Leusink of Des Moines have been commissioned with the architectural design and oversight of the project. The evaluation of our Courthouse has brought to light needs on the exterior to stop the entrance of moisture and repair of window trusses to protect the safety and integrity of the building.