

FY09 CLAY COUNTY 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, 2008 and ending June 30, 2009. This document will compare up to 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 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 FY09 of \$760,008,957 averaging over ten (10) years to \$708,869,090. From fiscal year 2006 to 2005, the taxable values dropped \$34,402,750 due to the five year productivity formula used to calculate rural value. Fiscal year 2006 saw yet another drop in total taxable value of \$10,746,014 resulting in a total of \$688,926,655 that was used countywide to generate property tax revenue to offset proposed budget expenditures submitted by the various county departments and outside agency requests for funding. Since fiscal year 2006 the taxable values have grown by \$71,082,302 due primarily in Urban value surrounding commercial property reappraisal and new construction.

Taxes on property in Clay County represent approximately 44% (\$5,510,576) of all revenue collected. FY09 has budgeted revenues totaling \$12,591,946. The next largest revenue stream to the County is from Intergovernmental or State Shared Revenues that represents approximately 38% (\$4,753,094). 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 and County Environment and Education. For the FY09 fiscal year the Rural Basic Fund will support \$704,334 in service area expenditures and a transfer to Secondary Roads of \$875,240 totaling \$1,579,574. The service area expenditures in Rural Basic will increase by \$21,963 over FY08 due largely to County Environment and Education spending. The Rural tax levy is proposed to remain the same as FY08 at \$3.60 per thousand of taxable valuation. This levy has grown by \$.41 from \$3.19 per thousand in FY00 to \$3.60 in FY09. Revenues to Rural Basic for FY09 have decreased by \$18,211 primarily due to reduced State Replacement dollars against levied taxes. The projected ending fund balance for June 30, 2009 in Rural Basic is \$103,535 which is a mere \$1,969 more than the average fund balance of \$101,566 over the past ten (10) years.

Urban taxable values in Clay County support services in areas not specific to rural property. The FY09 urban taxable values have increased \$3,771,690 from \$392,045,299 to \$395,816,989 which is a .96% increase in one year. Over the past ten (10) years the Urban taxable value has averaged \$358 million so the proposed fiscal year of 2009 is 10.6% above average. All taxable value, whether rural or urban, support services budgeted in all of the nine (9) service areas mentioned on page 1. The countywide taxable valuation for FY09 is \$760,008,957 which is an increase of .18% from FY08.

The County's total proposed expenditure budget is \$13,892,604 that reflects an increase of \$2,258,784 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, 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 six (6) active TIF districts resulting in a captured value of \$23,894,105 for FY09 that can only be taxed by the County's debt levy. This year's TIF incremental value is at the highest level over the past ten (10) years. This incremental value would generate approximately \$226,973. in FY09 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. 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 FY06 General Supplemental expenditures were budgeted at \$869,200 costing \$1.15 per thousand, FY07 expenditures were \$982,011 still at a cost of \$1.15 per thousand of taxable valuation, the FY08 expenditures were \$948,473 with a decrease in levy to \$1.07 per thousand of taxable valuation while the FY09 proposed expenditures amount to \$1,212,236 causing an increase in levy to \$1.44 per thousand of taxable valuation. The largest increase in expenditures in General Supplemental is \$145,454 from election administration costs.

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 FY09 expenses total: \$2,240,532 which is an increase of 3.9% over FY08 or \$84,706. The Law Enforcement Program Administration represents the largest increase in this service area.
 - 19.4% of the total service area expense is paid for with Rural valuation.
 - While Law Enforcement programs, Legal Services, Emergency Services, and Juvenile Justice Administration increased over FY08 there was an offsetting decrease in expenditure needs for District Court and Court Proceedings.
- 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 FY09 expenses total: \$498,103 which is a net increase of 20.2% or \$83,819.
 - The Physical Health Services increased by \$26,526; Services to Poor increased by \$9,966; Services to Military Veterans increased by \$8,933; Children and Family Services increased by \$15,529; Services to other Adults increased by \$6,536; and the Chemical Dependency Program expenditures grew by \$16,329.
 - 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 has been limited to \$402,866 since 1996. The balance of funding is from State Replacement or Entitlement dollars. Total proposed revenues for FY09 are \$1,684,205 which is an increase of \$158,804 from FY08 due primarily from State Grants and Entitlements.
 - Expenditures are grouped in four (4) main categories. The proposed expenses for FY09 are \$1,664,042 which is an increase of \$142,697 or 9.3% due largely to Chronic Mental Illness and Mental Retardation services.
 - 60.6% of this service area budget is for Mental Retardation, 22.8% for Chronic Mental Illness, 14% for Mental Illness, and 2.4% for Other Developmental Disabilities
 - The proposed ending cash fund balance in Mental Health is \$87,152 which is a 5.2% of proposed expenditures as a carry-over fund balance. The budgeted carry-over fund balance for FY08 was \$151,726 or 9.9%.

Therefore services have grown to the extent of using 4.7% of the funds cash reserve.

- 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 \$1,005,674 which is an increase of \$83,657 or 9%.
 - Conservation & Recreation Services presented the largest increase of \$75,066.
 - Environmental Quality for solid waste disposal increased by \$2,014.
 - Educational Services Programs for Libraries, Historic Preservation, and Fair & 4-H Clubs increased \$22,560.
 - County Development programs for land use and economic development decreased by \$15,983.
 - 56% of this service area funding is from General Basic & General Supplemental fund that utilize both Rural & Urban taxable valuation. 26.7% of the expenditures are paid for from Rural Basic that is restricted to provide services to rural residents only. The remaining 17.2% 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 for FY09 are \$4,399,306 which is a net increase of \$637,346 or 16.9%.
 - Secondary Roads Administration increased by \$225,947 over FY08.
 - Roadway Maintenance programs covering bridges, roads, snow & ice control increased by \$151,279 over FY09.
 - General Roadway Expenditures covering equipment operations increased by \$260,120 over FY09.
 - This service area is not funded by direct taxation but rather by transfer of funds from both the General Basic and Rural Basic Funds. The operating transfers for FY09 are \$108,876 from General Basic and \$875,240 from the Rural Basic fund.
 - Revenues to Secondary Roads, other than from transfer, are proposed to be \$3,085,419 which is an increase of \$149,890 over FY08.
 - 86.2% of the revenues are received as Intergovernmental State Shared Revenues and 10.5% or \$325,000 is received from Federal Grants and Entitlements. The remaining 3.3% is received as contributions from other intergovernmental units, licenses & permits, and charges for services.
- 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. The proposed FY09 is \$164,468 which reflects a 29% increase over FY08 expenditures.
 - The Motor Vehicle Registration & Licensing services are covered here totaling \$102,018 reflecting a 6.5% decrease over FY08 or \$7,155.

- The Records Management of Public Documents is serviced here for \$175,314 in FY09 or 4% of the service area expenditures which is an increase of \$7,832 over FY08.
- This service area proposed expenditures for FY09 are \$441,800 which is an increase of \$37,740 or 9.3% due primarily to the Elections Administration 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 expenditures for FY09 are \$1,617,747 which is an increase of \$39,718 or 2.5%.
 - Policy & Administration Programs accounted for the largest element of the increase in the amount of \$39,360.
 - 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 two (2) loans paid by taxes levied on property, and one (1) paid from cash flow resources in the Governmental Services Fund. Clay County also reports the flow through of a loan payment for the Clay Regional Event Center.
 - Debt Schedule

Description	Amount of Issue	Year Issued	Year to Retire	Paid by Debt Rate	Paid by Other Funds
Governmental Service Bldg Purchase & Remodel	\$400,000	1998	2009		Yes
Courthouse Restoration (2)	\$1,800,000	2005	2016	Yes	
Regional Event Center	\$2,000,000	2004	2030		Yes

- The proposed FY09 budget reflects \$348,085 in loan payments supported by Debt Service taxes at a rate of \$.43453 / thousand of total taxable value. The loan payments made from funds not supported by property tax equals \$177,170 for FY09 of which \$124,750 passes through Clay County financials from the Regional Event Center
- The Debt Service tax rate has been as low as \$.06 in FY02 to the present rate of \$.43/thousand in FY09 which has remained the same since FY06.
- The proposed ending cash balance in the County Debt Service Fund for the year ending June 30, 2009 is \$512,752 which, by law, can only be used to retire incurred county debt.