

FY13 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, 2012 and ending June 30, 2013. 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 which includes Public Safety, Physical Health, Mental Health, County Environment, Roads & Transportation, Governmental Services to Residents, Administration, and Non-program Expenditures that relating to 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 FY06 of \$688,926,655 to a high in FY13 of \$909,912,472 averaging over ten (10) years to \$851,736,798. From fiscal year 2004 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 \$220,985,817 virtually \$117 million in rural taxable values and \$103 million in urban value surrounding residential and commercial property reappraisal and new construction.

Taxes for fiscal year 2013 on property in Clay County represents approximately 52.5% (\$6,792,868) of all revenue collected. FY13 has budgeted revenues totaling \$13,010,375 which increased by \$363,085 dollars from FY12 with the largest increase coming from Intergovernmental or State Shared Revenues. The Intergovernmental or State Shared Revenues represents approximately 31% or (\$4,031,216). 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 FY13 fiscal year the Rural Basic Fund will support \$856,576 in service area expenditures and a transfer to Secondary Roads of \$1,011,920 totaling \$1,868,496. The service area expenditures in Rural Basic will increase by \$76,016 over FY12 due largely to Public Safety and County Environment expenditure increases. The Rural tax levy is proposed to remain at the FY12 rate of \$3.87 per thousand of taxable valuation. This levy has remained constant for the past four (4) fiscal years. Revenues to Rural Basic for FY13 from taxation have increased by \$78,336 primarily due to the increased taxable valuation. The projected

ending fund balance for June 30, 2013 in Rural Basic is \$351,293 which is a approximately \$150 thousand more than the average actual fund balance of \$201,122 over the past ten (10) years.

Urban taxable values in Clay County support services in areas not specific to rural property. The FY13 urban taxable values have increased \$19,185,799 from FY12 at \$442,093,848 to \$461,279,647 which is a 4.1% increase in one year. Over the past ten (10) years the urban taxable value has averaged \$434 million so the proposed fiscal year of 2013 taxable value is 6.3% above average. All taxable value, whether rural or urban, support services budgeted in all of the eight (8) service areas mentioned on page 1. The countywide taxable valuation for FY13 is \$909,912,472 which was \$884,234,014 in FY 12 for an increase of 2.9%.

The County's total proposed expenditure budget is \$16,220,864. 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 nine (9) active TIF districts resulting in a captured value of \$14,312,881 for FY13 that can only be taxed by the County's debt levy. This incremental value would generate approximately \$138,577. in FY13 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 FY13 levy is proposed at the same rate as FY09 of \$1.44 to cover expenditures of \$1,376,652. The levy rate remains at the FY09 level for FY13 even though there is an increase in expenditures of \$82,270 over FY12.

The FY13 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 FY13 county compensation recommendation of a \$400 annual increase for the members of the Board of Supervisors; a \$2100 annual increase for offices of County Attorney, County Auditor, County Recorder, County Treasurer; and a \$3,801 annual increase for the County Sheriff which will be submitted for inclusion in the county budget. This annual increase reflects a total of \$14,201 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 FY13 is \$563,969 which is an increase of nearly \$55,000 or 10.8% over FY12. The County funds that support this total allocation is as follows: General Basic \$283,419; Rural Basic \$47,355 to the county libraries; Mental Health \$118,195; and Local Option Sales Tax (not property tax) \$115,000.

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 FY13 expenses total: \$2,881,518 which is an increase of 21% over FY12 or \$500,049. The Law Enforcement Program expenditures represent the largest increase in this service area due to adult corrections and the criminal prosecution expenses. The status of the County Attorney's office will be full time on July 1, 2012.. The full time status brings on two new employees and building expenses.
 - 19.3% of the total service area expense is paid for with Rural valuation.
 - While sections of Law Enforcement, Legal Services, Assistance to District Court and Court Proceedings increased over FY12 there was a slight decrease in 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 FY13 expenses total: \$565,503 which is a net decrease of 1.3% or \$7,437.
 - The areas of Physical Health Service Programs, Services to Poor; Services to Military Veterans; and Services to Other Adults represent an increase of \$8,561 in this service area while Children & Family Services; and Chemical Dependency Programs were decreased by a total \$15,998.
 - 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 FY13 budget reflects a tax revenue funding stream to \$394,647 or a levy rate of \$.43372/ thousand of taxable valuation. The balance of funding is from State Replacement or entitlement dollars and the beginning year cash fund balance. Proposed revenues for FY13 from State Replacement or entitlements is \$662,428 which is an increase of \$55,438 from FY12 or 9.1%.
- Expenditures are grouped in four (4) main categories. The proposed expenses for FY13 are \$2,029,836 which is an increase of \$136,325 or 7.2%.
- 63.6% of this service area budget is for Mental Retardation, 24.5% for Chronic Mental Illness, 10% for Mental Illness, and 1.6% for Other Developmental Disabilities
- The proposed ending cash fund balance in Mental Health is a meager \$9,647.
- 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 \$1,406,789 which is an increase of \$131,570 or 10.3%.
 - County Development Programs represents the largest increase of \$138,971 primarily in the area of economic development. Areas of Environmental Quality and Educational Services have proposed increases totaling \$45,087 while Conservation & Recreation Services and Animal Control Programs decreased by \$7,488.
 - 50% of this service area funding is from General Basic & General Supplemental fund that utilize both Rural & Urban taxable valuation. 19% of the expenditures are paid for from Rural Basic that is restricted to provide services to rural residents only. The remaining 31% of 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 FY13 are \$4,537,087 which is a decrease of \$45,179 or .98%.
 - Secondary Roads Administration decreased by \$190,691 over FY12.
 - Roadway Maintenance programs covering bridges, roads, snow & ice control decreased by \$19,687 over FY12.
 - General Roadway Expenditures covering equipment operations increased by \$165,199 over FY12 primarily in the areas of new equipment and equipment operations.
 - 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 FY13 are \$115,390 from General Basic and \$1,011,920 from the Rural Basic fund. This is an increase of \$8,612 to ensure access to State Road Use Tax dollars.
 - Revenues to Secondary Roads, other than from transfer, are proposed to be \$3,176,923 which is an increase of \$267,787 from FY12 due primarily to a gain of receipts in the area of State Shared Revenues and Federal Grants and Entitlements.

- State Shared Revenues represents 90% of the revenues while Intergovernmental State Shared Revenues represent 3.2%. The remaining 6.8% is received as Federal Grants and Entitlements.
- 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 FY13 are \$407,973 which is an decrease of \$22,727 or 5.3% due primarily to the Elections Administration section.
 - The administration of all Federal, State, and County elections and township officials services are covered here. The proposed FY13 is \$102,451 which reflects a 21% decrease over FY12 expenditures.
 - The Motor Vehicle Registration & Licensing services are covered here totaling \$108,357 reflecting a meager \$136 increase over FY12.
 - The Recorders Records Management of Public Documents is serviced here for \$197,165 in FY13 reflecting a \$5,025 increase over FY12 or 2.6%.
- 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 FY13 are \$1,636,101 which is an increase of \$30,049 over FY12 or 1.9%.
 - Policy & Administration Programs and Central Services Programs accounted for the largest portion of the increase in the amount of \$22,999 while Risk Management Services increased by \$7,050.
 - 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 (2) loans paid by taxes levied on property, 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
Courthouse Restoration #2	\$500,000	2006	2016	Yes	
Regional Event Center	\$2,000,000	2004	2030		Yes
Governmental Serv Building	\$400,000	2012	2022		Yes
Clay Co Jail & Sheriff Office	\$5,090,000	2011	2031	Yes	

- The proposed FY13 budget reflects \$410,600 in loan payments supported by Debt Service taxes at a rate of \$.43534 / thousand of total taxable value. The loan payments made from funds not supported by property tax equals \$127,091 for FY13 which passes through Clay County financials for the Regional Event Center.
- 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, 2012 is \$616,701 which, by law, can only be used to retire incurred county debt.