

WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) REQUEST FORM

#11

Date: _____ Weekly Agenda Date: _____

ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN: _____

WORDING FOR AGENDA ITEM:

ACTION REQUIRED:

Approve Ordinance

Approve Resolution

Approve Motion

Public Hearing

Other: Informational

Attachments

EXECUTIVE SUMMARY:

BACKGROUND:

FINANCIAL IMPACT:

IF THERE IS A CONTRACT INVOLVED IN THE AGENDA ITEM, HAS THE CONTRACT BEEN SUBMITTED AT LEAST ONE WEEK PRIOR AND ANSWERED WITH A REVIEW BY THE COUNTY ATTORNEY'S OFFICE?

Yes No

RECOMMENDATION:

ACTION REQUIRED / PROPOSED MOTION:



Woodbury County Board of Supervisors

Courthouse • Room 104
620 Douglas Street • Sioux City, Iowa 51101
Telephone (712) 279-6525 • Fax (712) 279-6577

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DENNIS BUTLER

ADMINISTRATIVE ASSISTANT
KAREN JAMES

EXECUTIVE SECRETARY / PUBLIC BIDDER
HEATHER SATTERWHITE

To: Woodbury County Supervisors

From: Dennis D. Butler, Finance/Budget *DDB*

Date: May 23, 2018

RE: Mental Health Funding

On March 13, 2018 the Board of Supervisors certified to the Department of Management a tax rate equivalent to \$30.49 per capita or a tax asking of \$3,133,335. The Sioux Rivers per capita was set at \$22.58. The State Director of Human Services has stated that Woodbury County must belong to a region and that he cannot exempt a county, a decision has been appealed by Woodbury County. The difference between the two per capita's will generate additional revenue in the amount of \$813,005. The Department of Management is giving Woodbury County May 31, 2018 to decide what to do with this additional revenue.

There are three different options that the Board of Supervisors will be presented to help determine the use of these additional revenues. Again the State Department of Management has given the County May 31, 2018 as the deadline date to make any changes.

Option #1 is to reduce the per capita to \$22.58 or a decrease of \$813,005 in revenue. Doing this would result in a tax rate decrease of 18.6 cents per thousand for FY 19, but then shown below for FY 20 under this scenario (July 1, 2019 Woodbury is officially a Rolling Hills Region member) the projected per capita would be \$37.11 or a projected tax increase of \$1,493,072. This "yo-yo effect" is one of the objections Woodbury County had in artificially lowering the levy so much in the past.

FY 20 (Rolling Hills Region)

<u>Requirements</u>		<u>Resources</u>	
Estimated Budget FY 20	3,313,000	Per Capita \$37.11	3,813,890
25% Cash Reserve	828,250	Woodbury County share of	
Cash Reserve Parity	<u>1,000,000</u>	Distribution from Sioux Rivers	<u>1,327,360</u>
Total	<u>5,141,250</u>	Total	<u>5,141,250</u>

Option #2 would reduce the tax asking in the Mental Health Fund by \$813,005 and increase the tax asking in the Debt Service Fund which would allow the early retirement of a CIP Loan during FY 2019. This would leave the tax rate basically the same as certified in March. Then the projected results

using this option would be as follows.

FY 20 (Rolling Hills Region)

<u>Requirements</u>		<u>Resources</u>	
Estimated Budget FY 20	3,313,000	Per Capita at \$37.11	3,813,890
25% Cash Reserve	828,250	Woodbury County share of	
Cash Reserve Parity	<u>1,000,000</u>	Distribution from Sioux Rivers	<u>1,327,360</u>
Total	<u>5,141,250</u>	Total	<u>5,141,250</u>

It should be remembered that under this option the tax asking increase to the Debt Service Fund in FY 2019 would now be reversed back to a tax asking increase to the Mental Health Fund in FY 20. The tax asking would still have to increase \$1,493,072 (includes the \$813,005) in the Mental Health Fund for FY 20, but by lowering the Debt Service levy, the net result would be a overall increase of 17 cents with the combination of the Mental Health fund and the Debt Service fund.

Option #3 would leave all the tax askings and tax rates the same as certified to the Department of Management on March 13, 2018. This will result in additional revenue (\$813,000) received in the Mental Health Fund. The 28E Agreement would need to be amended to allow Woodbury County to retain the additional \$813,005 as otherwise Woodbury County would have to send the additional revenue to the Fiscal Agent. This will inflate the ending cash balance at June 30, 2019 which will inappropriately effect Woodbury County's share of the cash distribution.

This option will have the following results.

FY 20 (Rolling Hills Region)

<u>Requirements</u>		<u>Resources</u>	
Estimated Budget FY 20	3,313,000	Per Capita at \$29.20	3,000,885
25% Cash Reserve	828,250	Woodbury County share of	
Cash Reserve Parity	<u>1,000,000</u>	Distribution from Sioux Rivers	<u>2,140,365*</u>
Total	<u>5,141,250</u>	Total	<u>5,141,250</u>

*Includes \$813,005 additional funds generated by using a per capita of \$30.49 which was budgeted for FY 19 instead of \$22.58 requested by Sioux Rivers Region of FY 19.

This is the worst case situation on the per capita estimate. Rolling Hills is projecting a per capita for FY 20 at \$27.00. This is obtained by drawing down on cash reserves after we have met all the stipulations Woodbury County has agreed to.

After options are reviewed and discussed it is recommended to accept option 3 provided that a agreed-upon 28E Agreement is reached by July 1, or Option 2 as the best options for the taxpayers.

Dennis Butler

From: Johnson, Carrie <carrie.johnson@iowa.gov>
Sent: Friday, May 18, 2018 9:13 AM
To: Dennis Butler
Subject: FY19 Levy Changes in the County Budget

Dennis,

We have spoken about Woodbury County's plan for potential reduction of the MHDS levy for FY19. I just want to share a little background on the process to better communicate the time constraints.

DOM has a statutory deadline of June 15 to certify tax rates back out to county auditors. Then counties auditors, by statute, have to prepare the county tax list by June 30 to allow the county treasurer to prepare tax statements for the next fiscal year.

Prior to DOM's consolidated rates certification, we need to provide all levy authorities (cities, counties, schools, assessors, township, etc.) and their county auditors a copy of all the individual tax certifications and provide them with time for review. We will start sending out individual tax certifications next week.

After we give levy authorities and auditors an opportunity to review, we then run a time consuming data process at DOM to consolidate all levy authority rates into a list of the 12,000+ tax districts in the state. After that but before we provide these rates out to counties, we need to run a variety of audits and checks to ensure correctness of rates. The important part here is that we cannot *begin* the consolidated rates process until we have all individual rates of all levy authorities (including Woodbury County) audited and ready.

I know Woodbury County has a meeting scheduled for May 29. **Please provide me with your decision regarding your levy by May 31 so as not to delay the consolidated rates process for the remainder of the counties.**

Please let me know if you have any questions.

Thank you,

Carrie

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