



# Woodbury County Board of Supervisors

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To: Woodbury County Board of Supervisors  
From: Dennis D. Butler, Finance/Operations Controller *DSB*  
RE: FY 2019 Proposed Budget  
Date: December 28, 2017

This memo's purpose is to provide the Board of Supervisors an overall view of the proposed Woodbury County budget for FY 2019. As everybody knows, the economic environment is improving and the County's cash reserves are approaching the County's Financial Policies. These will be challenging times as there are new factors involved in getting to the end result of a balanced budget. But the County will get through this period without major disruptions in services provided to the citizens of Woodbury County.

Included in this memo are schedules that summarizes the total budget by fund, total tax asking's as they stand in the proposed budget, the tax funds that are out of balance and the County's accrued cash reserves. As the Board of Supervisors review this memo I will explain each category.

The total Proposed FY 19 budget is compared to the current FY 18 budget. **Please remember that FY 19 is only proposed at this point.** It includes two Improvement Requests that total \$ 371,087.

<u>Fund</u>	<u>FY 18 Appropriations</u>	<u>FY 19 Appropriations</u>	<u>Difference</u>
General Basic	25,253,375	27,272,945	2,019,570
General Supplemental	6,564,247	6,425,423	(138,824)
County Services (Mental Health)	1,806,855	2,929,287	1,122,432
Debt Service	2,218,536	1,519,307	(699,229)
Rural Basic	1,621,209	1,567,149	(54,060)
Other Funds - Non Tax	<u>15,504,319</u>	<u>18,383,539</u>	<u>2,879,220</u>
Total	52,968,541	58,097,650	5,129,109

The County has five funds that levy taxes. They are General Basic, General Supplemental, County Services, Debt Service and Rural Basic. In the following schedules I will show the budget short falls of revenue to expenditures, amount of new taxes without raising the tax rate and highlights by tax fund.

First, I will present the status of revenue to expenditures by tax fund. **It must be remembered that this is our starting point in balancing the budget.** The county will have new availability of revenues from an increase in TIF releases from Sioux City, new construction, change in rollbacks, CF taxable Valuations coming on-line and revaluation of residential properties in Sioux City. This availability may be used to balance the county budgets. Also, the county has two other options: find additional sources of revenues and/or decrease expenses.

<u>Fund</u>	<u>Expenditures Over Revenues</u>
General Basic Fund	\$ 1,288,319
General Supplemental Fund	627,623
County Services (Region contribution)	1,122,432
Debt Service	(698,508)
Rural Basic (Township)	<u>(194,479)</u>
Total	2,145,479

The following will show what the potential tax asking's would be **if we keep the FY 19 tax rates the same** as the FY 18 tax rates. The total increase in taxable valuations amounted to \$ 226,010,554 county wide and an increase of \$ 68,460,329 of township purposes.

<u>Fund</u>	<u>FY 18 Tax Rate</u>	<u>Additional Taxes</u>
General Basic Fund	3.70269	\$ 836,847
General Supplemental Fund	2.80611	634,210
County Services ( Sioux Rivers Region)	.44594	100,787
Debt Service	.45059	263,894
Rural Basic (Township)	2.96224	202,797

Again, the new revenues are coming from an increase in TIF releases, increase in rollbacks, new construction and revaluation of residential properties in Sioux City.

After reviewing the overall summary, I will now highlight by major fund revenues and expenditures.

Here are the highlights of changes in the General Basic Fund:

Revenues:

1. The transfers-in for employee benefits is up \$ 347,435 because of an increase in FY 19 benefits and a proposed increase of 5% in the county's share of health insurance.
2. Tax revenues will increase in this fund as the county must maintain a \$3.50 tax rate which is maximum allowed by law. The maximum rate has been exceeded according to state law through the use of a additional public hearing. Currently, the County is at \$3.70269. To use the General Supplemental Fund, the maximum General Basic levy has to be \$3.50 or higher.

3. The new CAP program that the County Attorney has implemented, is generating revenues. Revenues projected to be \$304,912 with growth expected over the FY's ahead.

Expenditures:

1. In the Sheriff's Divisions there is a overall increase of \$482,445 with the LEC Correctional Facility accounting for \$339,780 of the total increase.
2. The conservation divisions have a overall increase of \$322,192. Equipment increased \$100,000 and new employee request increased by \$171,087.
3. District Health allocation increased by \$361,519. Their accrued cash reserve fell short of the 22% that the county agreed to by an amount of \$254,896.
4. There is a 5% increase for the county share of health insurance costs which amount to an increase of approximately \$129,805 in the General Basic Fund
5. Building Service divisions has a increase of \$389,253. Included in that amount is an increase in repairs which total \$125,032.
6. Equipment line items were frozen for FY 18 and taken out of all departments in the General Basic Fund. For FY 19, the line items have been added back in to the departments. The total of the equipment line items is \$214,321.

Here are the highlights of changes in the General Supplemental Fund:

Expenditures:

1. In Courthouse Security there is a request of \$60,153 for additional cameras for the courthouse exterior, LEC exterior and the Trospen-Hoyt exterior.
2. There is a 5% increase for the county share of health insurance costs which amount to an increase of approximately \$28,069 in the General Supplemental Fund.
3. In 2018 there will be a General Election that will cost the taxpayer \$186,175.

In regards to the accrued cash reserves our General Fund for FY 2017 is at 19.57%. Our goal is to have a 22% accrued cash reserve.

The Rural Basic Fund tax asking for FY 19 is down by \$ 194,479. For FY 18 the Board of Supervisors decided to use L.O.S.T. revenues to offset tax asking related to the Special Bridge Projects. This tax reduction amounted to \$512,000 which left \$788,000 taxes levied for FY 18. The Special Bridges Project was completed during FY 18. Also the new Community/Economic Development department is funded through tax dollars at this time. In previous FY's the Board has used L.O.S.T. revenues to cover expenses related to this department. The use of L.O.S.T. revenues for the upcoming FY 19 will be made during the budget process.

A new fund has been created named Emergency Paramedic Services. This would be funded by the townships through the Rural Basic Services Fund and by the rural cities, excluding Sioux City. This is yet to be approved as there will be future discussion on this issue.

The Debt Service Fund is projected to have a tax asking decrease of \$698,508. This is the result of borrowing new debt for our FY 18 CIP projects and also paying off two Capital Loan notes and one note for the

construction of the 240th & Allison Road project. The first Capital Loan note is for the FY 14 CIP projects. This loan is scheduled to be paid this FY. The second CIP Capital Loan note will be paid off one year early. And the last capital loan note will be paid off two years early. This note was for the 240th & Allison Road project. The county will have used 2.40% of our debt limit, which is \$369,707,556.

The County Services (M.H.) Fund tax asking will be increased by \$1,122,432 for FY 2019. This number will fluctuate as Woodbury County is in the process of changing regions.

When all is said and done, the Board of Supervisors will have to make some difficult decisions to balance the budget. There will have to be potential expenditure reductions, use the same total tax rate to generate new revenues and there will have to be a hard look at creating new revenues through the cooperation of all Elected Officials and Department Heads.

The Board of Supervisors will fulfill the responsibility of balancing the budget with the taxpayers in mind, in order to provide the functions and services to the citizens of Woodbury County through the most cost effective and efficient way possible.

FY 2019 should be a great year, as there will be economic growth, tax base increases and creation of jobs.

I will be available for any questions that you may have.