

GENERAL FUND

The General Fund for the County of Scott accounts for all transactions of the County which pertain to the general administration and services traditionally provided to its citizens except those specifically accounted for elsewhere. Services within the General Fund include law enforcement services, legal services, emergency services, juvenile court justice services, physical health services, services to the poor, services to military veterans, services to the elderly, environmental quality services, conservation and recreation services, animal control services, county development services, representation (election) services, state administrative services and various interprogram services such as policy and administration, central services and risk management services.

The General Fund is also the primary source of appropriations to fund costs of providing these services. Consequently, considerable importance is placed, upon the fund's financial condition. The Board of Supervisors and staff's objective is to maintain an acceptable level of service for the County's citizens within the limitations of revenue sources that are available to support these activities.

An objective of maintaining the General Fund as a self-funding entity, revenues and/or available balances must be provided to support expense levels during the entire fiscal year. Consequently, the fund balance or working balance is estimated or projected at a level sufficient to fund the first three months of a new fiscal year prior to the receipt of property tax revenues in October. (In Iowa property taxes are paid in two installments due September 30th and March 31st.) The revenue sources over the past several years have been directed toward this goal in order to avoid interim financing. The following is a ten-year history of the changes in the unrestricted, unreserved General Fund balance:

| Fiscal Year | June 30 Fund Balance |
|---------------------|-------------------------|
| 1994-95 | 3,411,137 |
| 1995-96 | 4,464,226 |
| 1996-97 | 6,776,196 |
| 1997-98 | 6,971,767 |
| 1998-99 | 8,401,174 |
| 1999-00 | 5,755,164 |
| 2000-01 | 5,373,104 |
| 2001-02 | 6,012,505 |
| 2002-03 (Projected) | 3,980,868 |
| 2003-04 (Projected) | 2,722,024 |

The Scott County Board of Supervisors has adopted a set of financial management policies. As a part of these financial management policies a *minimum* year-end fund balance for the General Fund was identified as 15% of annual operating expenses. The unrestricted, unreserved General Fund projected June 30, 2004 balance is projected to be below this minimum (7.4%) due to an economic emergency use of fund balance to partially offset substantially lower interest income due to historic low interest rates. The

County will be temporarily halting further implementation of the Courthouse/Bi-Centennial Building Renovation Master Plan following the completion of the Bi-Centennial Building in FY03 until gaming revenues (which are all devoted to the Capital Fund) accumulate and allow for full funding of this pay-as-you-go project. The Board plans to return the General Fund Balance back to its 15% minimum balance following the completion of this multi-year master plan project.

In recent years the Board of Supervisors has taken an aggressive stance creating reserves for various expenditures such as vehicle replacements, electronic equipment replacements, capital improvements and for risk management costs. These reserves allow for stable annual, levied transfer amounts as opposed to requiring highly fluctuating levy rates. Also, General Fund balances that exceed the minimum reserve requirement are considered for capital project funding. That is the reason behind the planned General Fund balance reductions in recent years. Operating transfers to the Capital Projects Fund were used to support the space utilization master plan in moving administrative offices from the Courthouse to the Bicentennial Building to make room for additional judges, as well as for the planned expansion of the County's juvenile detention center.

The addition of the 1% Local Option Sales Tax in fiscal year 1989-90 as approved by County referendum has greatly enhanced the diversity of the revenue base for the General Fund. The local option sales tax revenue represents approximately 10% of total revenues to the General Fund in FY04. **All estimated local option tax revenues are used to reduce the General Fund property tax requirement for the ensuing fiscal year.**

The Iowa State Legislature created a new Special Revenue Fund to account for all mental health developmentally disabled (MH-DD) expenditures and revenues as mandated by Iowa law. In the past MH-DD expenditures had increased steadily to the point where these uncontrollable State mandated expenditures accounted for almost a third of the County's General Fund operating expenses. However, in 1996 the State Legislature authorized legislation that required the State to begin to participate in a higher level in the funding of these mental health costs. In addition the State limited future growth of MH-DD expenditures that counties could legally expend over the previous year. This State action not only reduced property tax requirements by Iowa counties it also greatly reduced the funding and expenditure requirements of the General Fund below previous years' requirements. An unintended consequence of this State action, however, is a possible reduction in direct services to clients when State revenues are down which is the situation in Iowa as in other states across the nation.

Budgeted expenditures (net of transfers) within the General Fund increased 7.8% for FY04 over FY03. The Public Safety service area is increasing the greatest amount (11.8%) due to the County being at capacity in its old, outmoded jail facility. The Board has accepted the Community Jail Alternatives and Advisory Committee's (CJAAC) recommendation to implement additional in-facility jail programs to reduce recidivism. These programs will include substance abuse treatment services, mental health services, GED educational and vocational training, anger management, etc. The Board and CJAAC feel strongly that implementation of these programs will result in a smaller new

jail facility (375 bed) to be brought to the voters for their approval in fall 2004 than the proposed jail size rejected by the voters in 1998 (500 bed).

County environment is increasing 6% due to increased personal services costs for parks and recreation activities. . State and Local Government services area is increasing 7.9% due to the presidential election costs anticipated for FY04. Interprogram costs are increasing 8.1% primarily due to increasing risk management and insurance costs. Recent events during the past several years (9/11 tragedy, weather-related losses, etc.) have caused substantial increases in insurance premiums for property and casualty coverage. All other service areas are increasing nominal, inflationary amounts.

The General Fund is comprised of two levying funds - the General Basic Fund and the General Supplemental Fund. The General Basic Fund has a \$3.50 rate per \$1,000 taxable valuation limitation. The General Supplemental Fund is for specific services and expenditures as outlined in Section 331.424 of the Code of Iowa and include such services as elections, court services, and risk management service (see Financial Management Policies in the Supplemental Information section of this budget document for a complete listing). Current law requires counties to levy the General Basic Fund maximum levy prior to utilizing the General Supplemental Fund levy. The FY04 General Basic levy rate is at the \$3.50 limit with the General Supplemental Fund at a \$0.59349 levy rate amount.

The General Supplemental Fund levy is only slightly used at this time due to the new Special Revenue Fund created by Iowa law for MH-DD revenues and expenditures. Also it is noted that as the County reaches the \$3.50 General Basic Fund rate limit election costs, court services costs, employee benefits and risk management expenditures could all be levied under the General Supplemental Fund levy which has no levy rate limitation under Iowa law. Thus, the Board of Supervisors continues to have considerable latitude in the determination of an expense level to fund the services to be provided to its citizens. Future economic conditions and the growth of non-tax revenues will also play a part in future required tax levy levels.

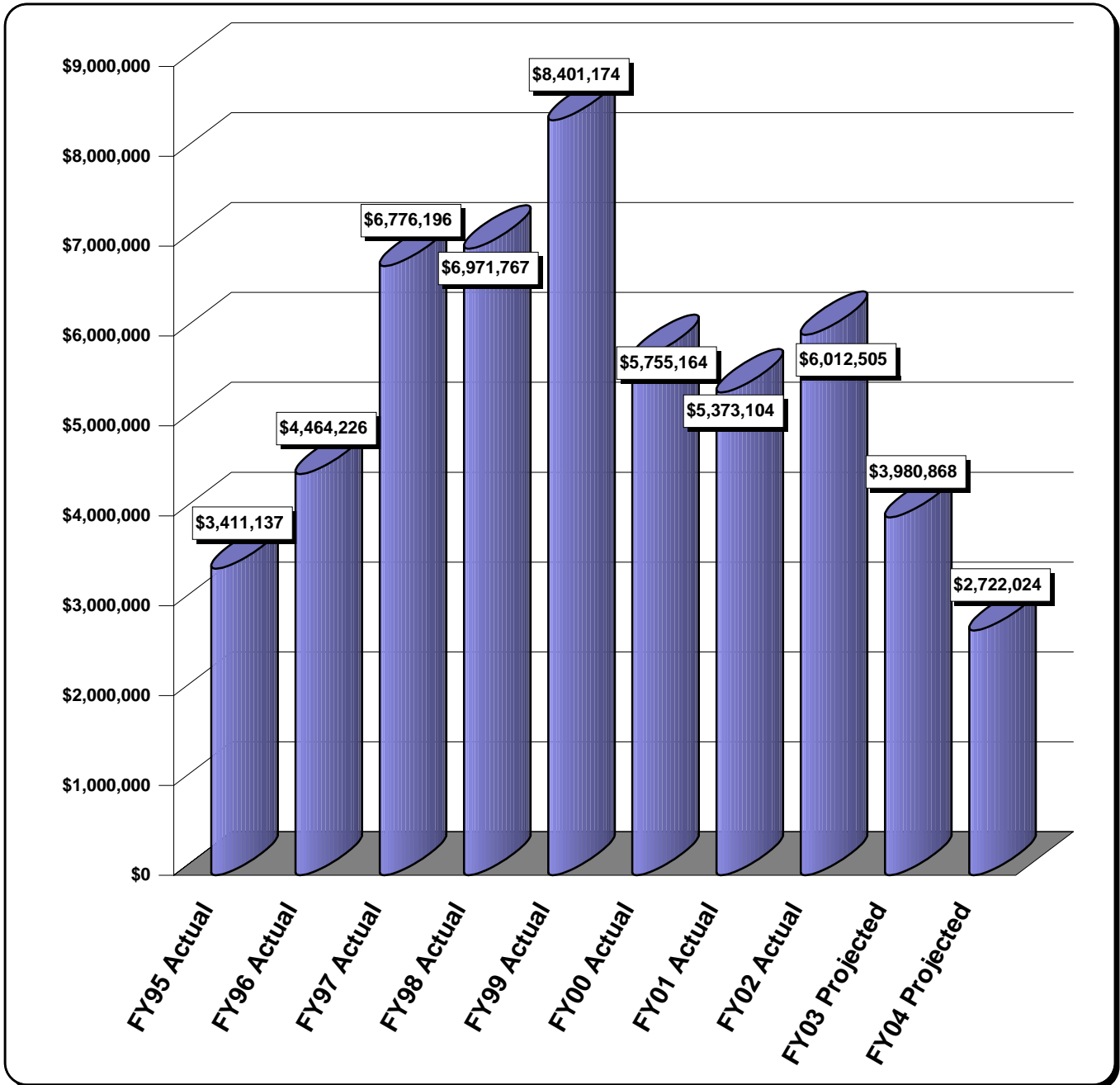


**General Fund Total
FUND STATEMENT**

| | <u>Actual 2001-02</u> | <u>Budget 2002-03</u> | <u>Revised Estimate 2002-03</u> | <u>Budget 2003-04</u> | % Change From Prior Budget |
|---|---------------------------|---------------------------|---|---------------------------|---|
| Beginning balance, July 1 | \$ 6,916,925 | \$ 5,903,799 | \$ 8,548,050 | \$ 6,456,159 | 9.4% |
| Revenues | <u>35,647,056</u> | <u>35,309,337</u> | <u>33,520,315</u> | <u>34,726,876</u> | -1.6% |
| Funds available | 42,563,981 | 41,213,136 | 42,068,365 | 41,183,035 | -0.1% |
| Expenditures | <u>34,015,931</u> | <u>37,075,681</u> | <u>35,612,206</u> | <u>35,985,720</u> | -2.9% |
| Ending Balance, June 30 | <u>\$ 8,548,050</u> | <u>\$ 4,137,455</u> | <u>\$ 6,456,159</u> | <u>\$ 5,197,315</u> | 25.6% |
| Less: | | | | | |
| Amount reserved for advance to Golf Course Enterprise Fund | | | | 1,423,314 | |
| Amount designated for IBNR claims liabilities | | | | <u>1,051,977</u> | |
| Unreserved/Undesignated Ending Balance | | | | <u>\$ 2,722,024</u> | |

GENERAL FUND UNRESERVED ENDING FUND BALANCE

TEN YEAR COMPARISON



The recommended FY04 General Fund Unreserved ending fund balance is being reduced to support one-time capital projects. The remaining \$2,722,024 represents 7.4%* of General Fund budgeted expenditures and operating transfers. The Board's Financial Management Policy requires a 15% minimum General Fund balance. The economic downturn in interest rates has necessitated additional use of fund balance.

*14.0% including the designation for claim liabilities and Golf Course funding advances

PROPOSED FY04 ONE-TIME USES OF UNRESERVED/UNDESIGNATED GENERAL FUND BALANCE

FY04 Projected *Beginning* Unreserved/Undesignated General Fund Balance \$ 3,980,868

Less Proposed One-Time Uses:

| | |
|---|----------------|
| Law Enforcement Records Management System | 300,000 |
| Phase Two Jail Study | 75,000 |
| John O'Donnell Renovation Project | 50,000 |
| Grand Excursion 2004 | 15,000 |
| Property Acquisition | 50,000 |
| Increase to Conservation CIP Funding | 183,000 |
| Partial offset of Interest Income Loss due to low rates | <u>585,844</u> |

Total One-Time Uses 1,258,844

FY04 Projected *Ending* Unreserved/Undesignated General Fund Balance \$ 2,722,024

Percent Of Budgeted General Fund Expenditures and Operating Transfers 7.4%

Percent including designation for claim liabilities and Reserve for Advance to Golf Course Enterprise Fund* 14.0%

**The Golf Course Enterprise Fund has proven itself as a successful enterprise and will begin making payments to the General Fund in FY13.
Claim liabilities could be paid by issuing bonds using the Debt Service Fund*

Note: FY03 one-time uses as follows:

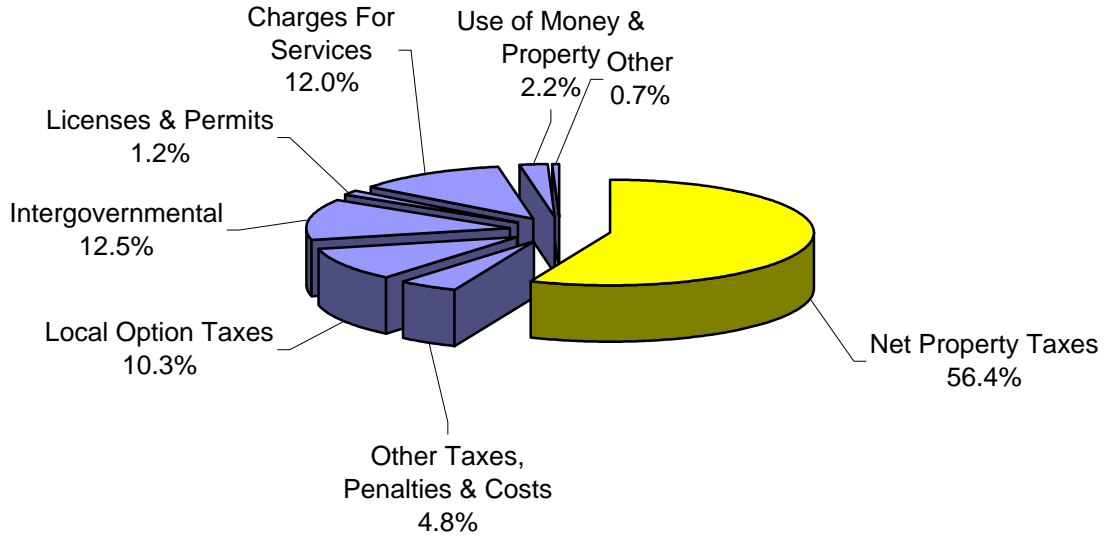
| | |
|---|-------------------------|
| Law Enforcement Management Systems: | |
| CADS System | \$ 13,600 |
| Jail Management System | 24,895 |
| Microsoft Office 200X Upgrade | 132,980 |
| Phase Two Jail Study | 100,000 |
| Brady Street Stadium improvements | 40,000 |
| First Tee of the Quad Cities project | 65,000 |
| Soil Contamination Cleanup | 35,000 |
| Property Acquisition | 25,000 |
| Jail Kitchen Expansion | 63,000 |
| Increase to Conservation CIP Funding | 91,500 |
| Master Plan Funding Advance | 835,000 |
| Partial offset of Interest Income Loss due to low rates | <u>585,844</u> |
| Total | <u>\$ 2,011,819</u> |

**General Fund Total
REVENUE SOURCES**

| | <u>Actual 2001-02</u> | <u>Budget 2002-03</u> | <u>Revised Estimate 2002-03</u> | <u>Budget 2003-04</u> | <u>% Change From Prior Budget</u> |
|--|---------------------------------|---------------------------------|---|---------------------------------|---|
| Taxes Levied on Property | \$ 16,653,408 | \$ 18,294,441 | \$ 18,294,651 | \$ 20,378,406 | 11.4% |
| Less: Uncollected Delinquent Taxes-Lev | 8,004 | 9,180 | 9,180 | 9,180 | 0.0% |
| Less: Credits To Taxpayers | <u>740,078</u> | <u>785,938</u> | <u>786,148</u> | <u>786,148</u> | 0.0% |
| Net Current Property Taxes | 15,905,326 | 17,499,323 | 17,499,323 | 19,583,078 | 11.9% |
| Add: Delinquent Property Tax Revenue | 8,004 | 9,180 | 9,180 | 9,180 | 0.0% |
| Total Net Property Taxes | 15,913,330 | 17,508,503 | 17,508,503 | 19,592,258 | 11.9% |
| Penalties, Interest & Costs On Taxes | 579,951 | 524,030 | 526,183 | 548,300 | 4.6% |
| Other County Taxes | <u>136,349</u> | <u>124,183</u> | <u>136,794</u> | <u>136,794</u> | 10.2% |
| Total Other Taxes, Penalties & Costs | 716,300 | 648,213 | 662,977 | 685,094 | 5.7% |
| Local Option Taxes | 3,195,497 | 3,497,496 | 3,400,200 | 3,570,210 | 2.1% |
| Utility Tax Replacement Excise Tax | 790,435 | 884,252 | 884,252 | 991,382 | 12.1% |
| Intergovernmental : | | | | | |
| State Shared Revenues | 63,466 | 100,000 | 100,000 | 100,000 | 0.0% |
| State Grants & Reimbursements | 2,683,368 | 2,623,673 | 2,454,285 | 2,564,620 | (2.3%) |
| State Credits Against Levied Taxes | 740,078 | 785,938 | 786,148 | 786,148 | 0.0% |
| Other State Credits | 818,455 | 632,356 | 636,579 | 636,579 | 0.7% |
| Federal Grants & Entitlements | 55,805 | 23,500 | - | - | (100.0%) |
| Contr & Reimb From Other Govts | 412,388 | 194,462 | 175,600 | 247,075 | 27.1% |
| Payments in Lieu of Taxes | <u>6,199</u> | <u>2,195</u> | <u>-</u> | <u>-</u> | (100.0%) |
| Subtotal Intergovernmental | 4,779,759 | 4,362,124 | 4,152,612 | 4,334,422 | (0.6%) |
| Licenses & Permits | 417,233 | 411,345 | 406,330 | 404,445 | (1.7%) |
| Charges For Services | 4,044,976 | 3,512,215 | 3,813,213 | 4,161,661 | 18.5% |
| Use of Money & Property | 1,063,470 | 1,052,280 | 677,848 | 751,295 | (28.6%) |
| Other: | | | | | |
| Fines,Forfeitures & Defaults | 34,938 | 50,700 | 27,400 | 27,400 | (46.0%) |
| Miscellaneous | 260,313 | 370,709 | 378,980 | 202,209 | (45.5%) |
| Proceeds of Fixed Asset Sales | <u>23,309</u> | <u>11,500</u> | <u>8,000</u> | <u>6,500</u> | (43.5%) |
| Total Other | 318,560 | 432,909 | 414,380 | 236,109 | (45.5%) |
| Total Revenues before transfers | <u>31,239,560</u> | <u>32,309,337</u> | <u>31,920,315</u> | <u>34,726,876</u> | 7.5% |
| Transfers in from: | | | | | |
| General Basic | <u>2,520,000</u> | <u>3,000,000</u> | <u>1,600,000</u> | <u>-</u> | (100.0%) |
| Total transfers in | 2,520,000 | 3,000,000 | 1,600,000 | - | (100.0%) |
| GRAND TOTAL REVENUES | <u>\$ 33,759,560</u> | <u>\$ 35,309,337</u> | <u>\$ 33,520,315</u> | <u>\$ 34,726,876</u> | (1.6%) |

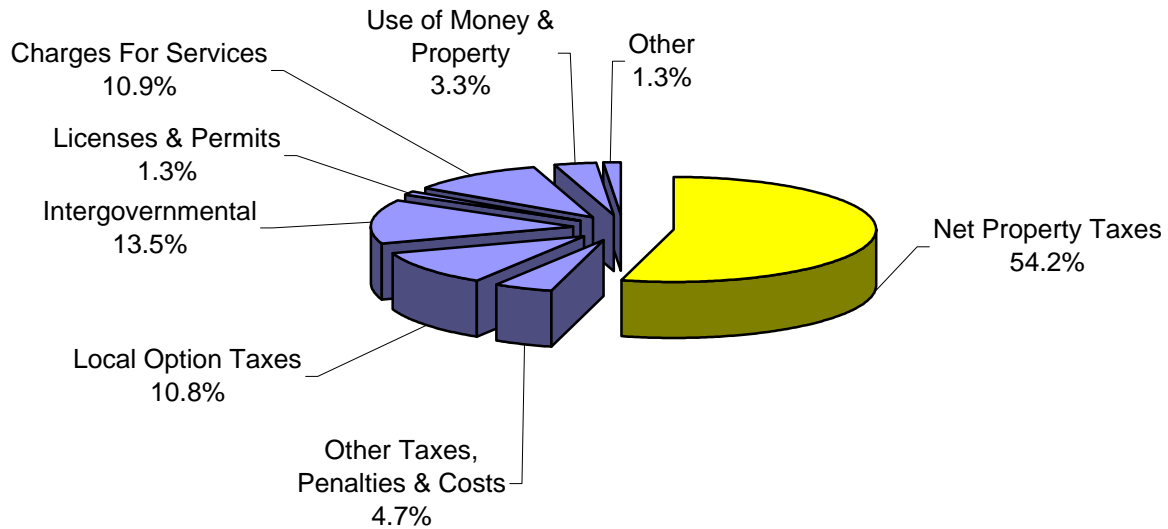
GENERAL FUND REVENUES BY TYPE

FY04 BUDGET: \$34,726,876



The amount of revenues received from net property taxes are increasing due to the partial offset of the substantial reduction in interest income as a result of historic low interest rates and increasing public safety (jail programs) costs.

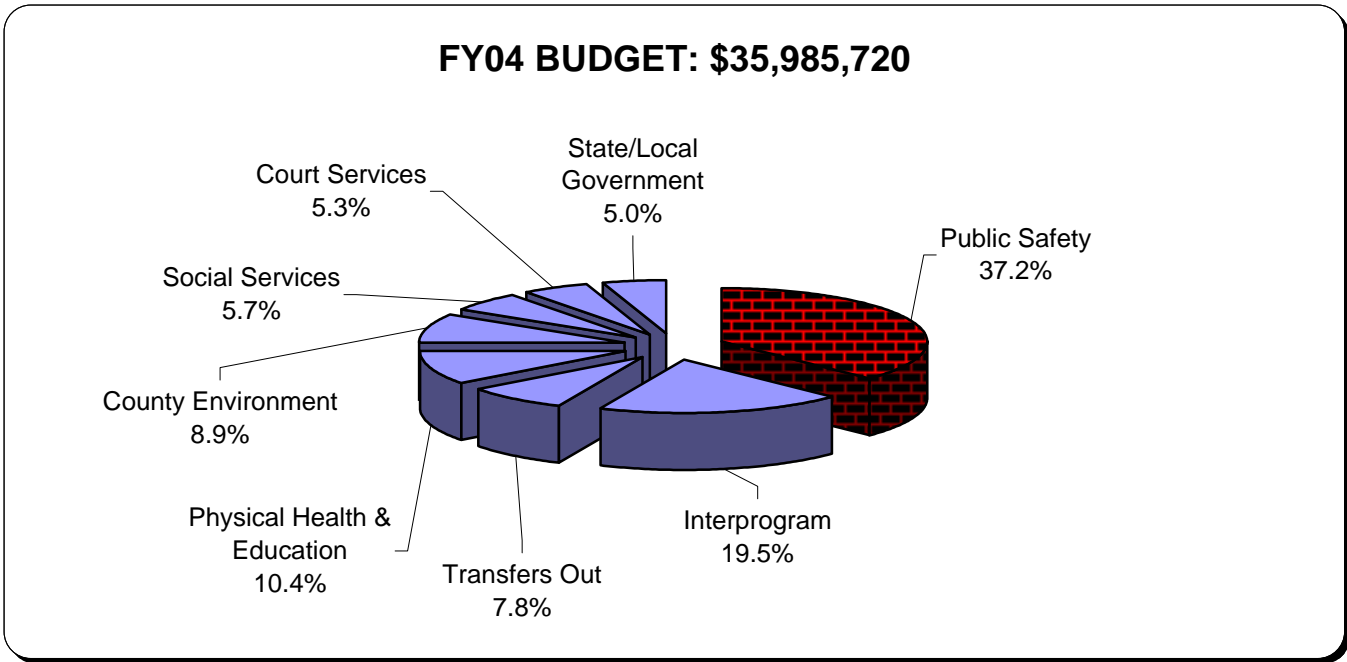
FY03 BUDGET : \$32,309,337



**GENERAL FUND EXPENDITURES
BY SERVICE AREA**

| | <u>Actual</u> <u>2001-02</u> | <u>Budget</u> <u>2002-03</u> | <u>Revised</u> <u>Estimate</u> <u>2002-03</u> | <u>Budget</u> <u>2003-04</u> | <u>%</u> <u>Change</u> <u>From</u> <u>Prior</u> <u>Budget</u> |
|----------------------------------|---------------------------------|---------------------------------|---|---------------------------------|---|
| SERVICE AREA | | | | | |
| Public Safety | \$ 10,892,569 | \$ 11,982,433 | \$ 12,093,133 | \$ 13,401,236 | 11.8% |
| Court Services | 1,598,061 | 1,897,539 | 1,766,174 | 1,910,742 | 0.7% |
| Physical Health & Education | 3,494,448 | 3,632,174 | 3,550,714 | 3,742,596 | 3.0% |
| Social Services | 1,828,677 | 2,060,363 | 2,015,055 | 2,067,921 | 0.4% |
| County Environment | 2,974,726 | 3,015,758 | 3,012,761 | 3,198,144 | 6.0% |
| State/Local Government | 1,748,504 | 1,683,609 | 1,682,278 | 1,816,014 | 7.9% |
| Interprogram | <u>5,907,458</u> | <u>6,506,321</u> | <u>6,317,055</u> | <u>7,030,083</u> | 8.1% |
| SUBTOTAL BEFORE TRANSFERS | 28,444,443 | 30,778,197 | 30,437,170 | 33,166,736 | 7.8% |
| Transfers out to: | | | | | |
| General Supplemental | 2,520,000 | 3,000,000 | 1,600,000 | - | -100.0% |
| Secondary Roads | 570,997 | 588,127 | 588,127 | 588,127 | 0.0% |
| Capital Improvements | 1,808,672 | 2,037,537 | 2,315,089 | 1,559,037 | -23.5% |
| Vehicle Replacement | 171,820 | 171,820 | 171,820 | 171,820 | 0.0% |
| Electronic Equipment | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | 0.0% |
| Total transfers | 5,571,489 | 6,297,484 | 5,175,036 | 2,818,984 | -55.2% |
| GRAND TOTAL EXPENDITURES | <u>\$ 34,015,932</u> | <u>\$ 37,075,681</u> | <u>\$ 35,612,206</u> | <u>\$ 35,985,720</u> | -2.9% |

GENERAL FUND EXPENDITURES BY SERVICE AREA



This graph shows that the single largest General Fund expense category is for Public Safety costs. The amount for transfers out includes countywide property tax funding for the Secondary Roads budget and funding for the capital budget.

