



County of **GREENE** State of Missouri

**GREENE COUNTY SALES TAX OVERSIGHT BOARD**

August 3, 2020

To: Greene County Commission

From: Greene County Sales Tax Oversight Board

Regarding: **2019 Annual Report – General Revenue II**

In November of 2017, Greene County voters authorized an additional one-half cent general sales tax to supplement the existing one-half cent general sales tax passed in 1984, of which 50% is allotted to General Revenue. Although this new tax (herein referred to as “GR II”) is classified as General Revenue, the Greene County Commission passed the October 2, 2017 Resolution (Resolution) prior to the approval of the tax which detailed the intended uses of the fund. The Resolution proposed several purposes for this tax: much-needed building maintenance; equipment replacement; increased operating cash reserves; environmental projects; and a more efficient criminal justice system, including increasing jail capacity.

In order to ensure transparency of both revenues and expenditures associated with this tax, and that the promises of the Resolution were fulfilled, the County Commission authorized the formation of an independent Sales Tax Oversight Board in March of 2018. This summary covers the second year of activity associated with the tax, ending December 31, 2019.

**Revenues**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Receipts</u>
\$28,632,387	\$30,267,517	\$28,277,325

Sales tax revenues were originally projected in the Resolution at just over \$26.86 million, with actual receipts in 2019 slightly exceeding this at \$26.92 million. Revenue generated from grants, interest, and investments exceeded Resolution projections by nearly \$300,000. However, an increase in state boarding revenue originally projected at \$677,090 failed to occur. In addition, instead of a projected increase in Federal boarding revenue of \$2.4 million, only \$747,783 of revenue was transferred to GR II to cover the 2018-2019 costs of the Fugitive Apprehension Unit.

**Expenditures**

In the Resolution, the County Commission presented a list of individual expenditures to be funded by the proposed sales tax increase, and these were collected into five broad categories:

- Environmental Initiatives
- General Revenue Stability
- Community Projects
- The Justice System
- Capital Projects

### **Environmental Initiatives**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Spending</u>
\$1,530,000	\$1,530,000	\$1,327,929

The purpose of environmental initiative expenditures was to fund storm water projects in anticipation of compliance to future Federal and State regulations. At the time of the Resolution, Greene County had no funding for this program. It was given a baseline of funding at \$1.5 million for 2018, with 2% annual growth thereafter. Significant steps have continued to be taken in environmental initiatives and community awareness with the new influx of tax revenues. These included a number of storm water buyouts, maintenance projects, and code enforcements. In total, the County utilized over \$1.3 million of GR II funds for environmental initiatives.

### **General Revenue Stability**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Spending</u>
\$392,089	\$392,089	\$430,681

General Revenue stability was proposed in the Resolution to give administrative support for the new tax. It was intended to provide funding for seven additional full-time-equivalent support positions and related operating expenses across several departments, including Budget, Purchasing, Human Resources, Information Systems, and Public Information. Initially established with a baseline amount of \$377,008 in the Resolution, it was projected to grow thereafter at an annual rate of 4%. These support positions were filled over the course of the year, at a total cost in GR II funds of \$430,681. Spending in excess of resolution was due primarily to the installation of three new Information Systems personnel, as opposed to the two originally planned.

### **Community Projects**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Spending</u>
\$4,380,504	\$4,890,504	\$1,372,895

Several uses of GR II funds fell under the umbrella of community projects in the Resolution: animal control, animal shelter construction, mental health spending, municipal projects, and the establishment of partnership law enforcement specialty units.

Construction of the animal shelter was scheduled in 2019 per Exhibit B to the Resolution at a cost of \$1.45 million; however, spending for this project was pushed out to 2020. An animal control officer position at the Springfield-Greene County Health Department along with associated operating expenses is funded by GR II, at a 2019 cost of just over \$205,000.

Mental health spending in the Resolution was projected at \$2.02 million. However, that spending was also postponed for 2019 as plans were developed for the most appropriate use of these funds. In February of 2020, an agreement was reached between the County and Burrell Behavioral Health for \$1 million in funding toward the first year of operation of a mental health walk-in center, the first of its kind in the Greene County area. Four new mental health-related positions at the County, funding for mental health advocates with the Health Department, and funding for other programs have also been budgeted for 2020.

Municipal projects as presented and approved from the seven outlying municipalities of Ash Grove, Battlefield, Fair Grove, Republic, Strafford, Walnut Grove, and Willard were funded once again in 2019, at just under \$200,000.

The Family Justice Center finished its first full year of operations in 2019. A cooperative program between the Prosecuting Attorney’s Office, the Sheriff’s Office, and the Springfield Police Department, the Family Justice Center works in conjunction with Harmony House and The Victim Center in offering assistance to survivors of domestic abuse, child/elder abuse, and sexual assault. Costs for this unit in 2019 were just under \$300,000.

The Fugitive Apprehension Unit, formed in late 2018, is a second collaboration between the Prosecuting Attorney’s Office and the Sheriff’s Office, formed to handle the backlog of warrants in the justice system, and to coordinate the serving of warrants between the two departments in an effort to help minimize inmate holding times prior to court proceedings. Although this unit is considered a partnership law enforcement unit under the Resolution, its expenses are to be reimbursed back to the fund from Federal inmate boarding revenues. Costs for 2018-2019 of \$747,783 for this unit were reimbursed back to GR II in 2019.

**The Justice System**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Spending</u>
<b>\$2,040,129</b>	<b>\$4,097,621</b>	<b>\$5,238,288</b>

Justice system proposals in the Resolution included several initiatives: the funding of additional positions and support costs for the Prosecuting Attorney’s Office; the expansion of treatment programs, such as Drug Treatment Court, to minimize recidivism; support for and upgrade of the emergency trunked radio system utilized by Greene County through the Sheriff’s Office, the Office of Emergency Management, and the Road and Bridge Department; and funding of additional staff and operating expenses in conjunction with the expansion/renovation of the Justice Center. In late 2018, costs for reciprocity were also included in justice system spending in GR II.

In the Prosecuting Attorney’s Office, the need for additional support was based upon over 4,600 felony cases referred by law enforcement annually, at a projected annual growth rate of 3.6%. This need took the form of 21 new positions in the Office, with additional positions to be filled in future years in line with ongoing caseload growth. The cost of these positions in the Resolution was \$1.15 million for 2019 (excluding the Senior APA position assigned to the Drug Treatment Court); actual costs came in just under this projection, at \$1.02 million.

Treatment program services have taken several forms with GR II funding: Court wraparound services have provided both temporary housing and treatment center reimbursements; Pretrial has added screener positions to assist with supervised release efforts; and, the Prosecuting Attorney’s Office assigned a Senior APA exclusively to the Drug Treatment Court. Originally projected in the Resolution at an annual cost of \$463,307 and growing at approximately 3.4% thereafter, the estimated spending for these services for 2019 was \$452,919. Actual GR II spending totaled \$504,993.

Trunked radio system spending was not scheduled to begin in the Resolution until 2021. However, the availability of radios compliant with the P-25 system (and their anticipated scarcity at the time of completion of the upgrade in 2021) made early spending a necessity in 2019, at a cost of \$465,655.

Additional jail staff funded by GR II in 2019 included Detention Officers for the jail’s warrants division and inmate transfer security through the Judicial Courts Facility. Costs for salaries and operating costs were projected in the Resolution at just under \$1.3 million, and ending actual spending was short of this, at just over \$1 million.

The Greene County Justice Center has continued to experience total inmate counts in excess of available bed space, which has required the need to house inmates at jails in other Counties (an expense referred to as ‘reciprocity’). Because one of the intents of GR II funds was to help pay the expenses

associated with the continuing increase in the Greene County inmate population, reciprocity was classified as an additional jail operating expense under the Resolution. Inmate counts increased substantially in 2019, bringing reciprocity costs for the year to \$2,216,887, which exceeded the amount set aside in the Resolution by over \$1 million.

In all, out of the nearly \$4.1 million set aside in Exhibit B to the Resolution for 2019, just under \$5.24 million of GR II funds were used for justice system initiatives.

**Capital Projects**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Spending</u>
<b>\$3,892,568</b>	<b>\$7,421,272</b>	<b>\$7,552,528</b>

Capital projects comprise the largest category of spending in the GR II Resolution over the next twenty years. Several projects were proposed with the new tax, with some of them completed by the end of 2019. These included building acquisitions and demolitions to increase parking availability and construction of a General Operations Center. Renovations in the Judicial Courts Facility to be funded through GR II began in 2019, and continue on in 2020 with construction for a new courtroom. Planning for the expansion/renovation of the Justice Center began in 2018, followed by detailed schematic design in 2019, with groundbreaking and the beginning of construction in 2020. Further campus master planning is currently in the works, which will include planning for a new Juvenile facility with construction projected to begin in 2021 or 2022. Other spending in the Resolution under this category includes the expansion of staff and services for Building Maintenance in 2021, and annual departmental equipment replacements.

These projects will be funded through a combination of bond issues to be paid for from GR II funds over future years, and direct cash payments. Bond repayments are projected in the GR II Resolution at just over \$5.75 million for 2019, and this amount of cash has been put into a special restricted reserve in anticipation of those repayments.

Direct cash outlays have also been planned to pay for portions of these projects. In 2019, the Resolution called for \$650,000 in cash outlays for campus demolitions and equipment for the Operations Center. In total, actual cash outlays and transfers were \$847,691 which included payments for the Operations Center, campus acquisition and demolition, Jail Advance Team salaries and benefits, and renovation costs at both the Tefft building and the Judicial Courts Facility

Building maintenance projects, equipment replacements, and utility costs at new facilities, originally projected in the Resolution at a cost of \$1.02 million, cost just over \$980,000.

**Additions to Cash Reserves**

<u>Original Resolution</u>	<u>Modified Resolution</u>	<u>2019 Actual Additions</u>
<b>\$5,206,252</b>	<b>\$5,206,252</b>	<b>\$8,841,640</b>

Another use of GR II tax revenues as outlined in the Resolution was to assure the necessary levels of cash reserves to meet operating requirements, and to maintain the highest possible bond ratings with Moody's in order to save taxpayer money on bond interest expense. For 2019, Greene County was able to set aside \$7.33 million in GR II funds to meet adequate reserve levels. Another \$1,474,528 was set aside as emergency reserve in order to satisfy statutory contingency requirements.

In addition, cash to be used for bond interest and principal repayments was set aside on a monthly basis. Through 2019, net cash restricted for future bond payments grew by \$37,112 to an ending balance of \$3,179,881.

## Reconciliation of Available Cash for Operations

Available cash for operations on the accrual basis totaled \$4,346,544 at the end of 2019. To reconcile operating funds on a cash basis, it is necessary to account for changes in the posted accruals of both revenues and expenses.

Accruals for revenues decreased from 2018 to 2019 by \$118,887. This was mainly comprised of a reduction in receivable sales tax, down to \$2.37 million. Accruals for expenditures are generated through outstanding warrants, and salaries and benefits payable at year end. These accruals increased over the previous year's levels by \$116,808. By accounting for these items, cash available for operations at the end of 2019 using the cash basis was \$4,582,239.

Estimated ½% GR Sales Tax Plan	2019 Original Resolution	2019 Modified Resolution	2019 Actual Spending
<b>Beginning Operating Balance</b>	<b>7,271,078</b>	<b>7,132,843</b>	<b>833,179</b>
<b>Total Revenues</b>	<b>28,632,387</b>	<b>30,267,517</b>	<b>28,277,325</b>
Environmental Initiatives	1,530,000	1,530,000	1,327,929
General Revenue Stability	392,089	392,089	430,681
Community Projects	4,380,504	4,890,504	1,372,895
Justice System	2,040,129	4,097,621	5,238,288
Capital Projects (incl. bond payments)	<u>3,892,568</u>	<u>7,421,272</u>	<u>7,552,527</u>
<b>Total Appropriations</b>	<b>12,235,290</b>	<b>18,331,486</b>	<b>15,922,320</b>
Additions to Restricted Reserve (see detail)	<u>(5,206,252)</u>	<u>(5,206,252)</u>	<u>(8,841,640)</u>
<b>Available Cash for Operations (Accrual Basis)</b>	<b>18,461,923</b>	<b>13,862,622</b>	<b>4,346,544</b>
Change in Revenue Receivables	0	0	118,887
Change in Expenditure Accruals	0	0	116,808
<b>Available Cash for Operations (Cash Basis)</b>	<b>18,461,923</b>	<b>13,862,622</b>	<b>4,582,239</b>
Cumulative Restricted Reserve Balance	11,246,097	11,246,097	18,752,192
<b>Ending Total Cash Balance</b>	<b>29,708,020</b>	<b>25,108,719</b>	<b>23,334,432</b>

Note: The decrease in anticipated ending cash between the Original and Modified Resolutions consists of an estimated \$2.4 million increase in spending in the Justice System (the transfer of reciprocity responsibility to GR II and the early hiring of additional Jail staff from the original plan), and \$2.3 million in Capital Projects (the modified bond financing plan established in August 2018).

	<b>2018 Ending Balance</b>	<b>2019 Additions</b>	<b>2019 Ending Balance</b>
<b>Additions to Restricted Reserve:</b>			
Operating Reserve	5,355,000	6,600,000	11,955,000
Emergency Reserve	554,783	1,474,528	2,029,311
27th Pay Period Reserve	288,000	300,000	588,000
Liability Insurance Reserve	570,000	430,000	1,000,000
Bond Repayment Reserve <sup>1</sup>	3,142,769	37,112	3,179,881
<b>Total Reserve Additions</b>	<b>9,910,552</b>	<b>8,841,640</b>	<b>18,752,192</b>

<sup>1</sup> Reconciliation of the ending bond repayment reserve balance is in the table below.

**Bond Repayment Reserve Reconciliation:**

Funds Restricted via Transfers in 2018	2,535,403	
Issue Proceeds Held by B.O.K.	607,366	
Beginning Reserve Balance 1/1/2019	3,142,769	
Funds Restricted via Transfers in 2019	5,760,638	
Interest Paid (Feb, Jul)	(2,602,001)	
Principal Paid (Jul)	(3,120,000)	
Trustee Fees	(1,525)	
<b>2019 Ending Restricted Bond Reserve Balance</b>	<b>3,179,881</b>	<b>Change in Reserve: 37,112</b>

The Board met on January 17<sup>th</sup>, April 25<sup>th</sup>, July 25<sup>th</sup>, and October 24<sup>th</sup> of 2019. During the course of the year, the Board received presentations related to:

- Detailed expenditures in all departments receiving GR II funding
- Ongoing GR II cash balance status
- Timelines of capital projects and the uses of cash and bond funds to complete those projects
- Modifications to amounts in Exhibit B to the Original Resolution
- Sheriff's Office and Jail expansion plans changing from building a campus extension to having a new off-campus facility in northwest Springfield.
- Expansion of the current temporary jail facility on Robberson Avenue to a larger site on Campbell Avenue just south of the Public Safety Center
- Programs available to victims of domestic violence through the Family Justice Center
- County initiatives implemented to curb jail overcrowding

The Board understands that multi-year plans may require revisions as changes in information, regulations, and circumstances occur over time. Staff was charged with keeping track of changes or deviations from the resolution and informing the Board on these issues. Attachment 1 consists of the listing of changes known at the writing of this report; there have been no changes to this list since the previous year's annual report.

The Board shares a concern that the new jail may be at capacity shortly after it is completed. The revisions to the resolution provide for construction of a jail with a capacity of 1,242 beds. This count is below the maximum of 1,407 beds as stated in the first of the 19 points outlined in Exhibit A to the October 2, 2017 Resolution. It is also the understanding of the Board that in the 2017 jail population study commissioned by the County and conducted by Bill Garnos, it was projected that total jail beds required, including accounting for peaking and classification factors (15% more beds), would be 1,266 by 2024 and 1,430 by 2027, if no other effective changes are made to the Justice System infrastructure. Resolving the jail capacity problem was a major reason why the new tax was proposed and Commission is attempting to address that issue with a multi-faceted approach.


The Board would also like to caution Commission that while seeking a multi-faceted approach to jail capacity problems is essential, the decisions being made will not allow those who physically and emotionally harm significant others and children to avoid incarceration because the jail is full.

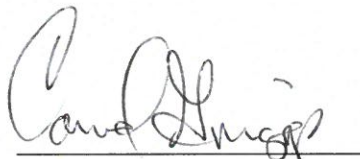
Signature page follows.

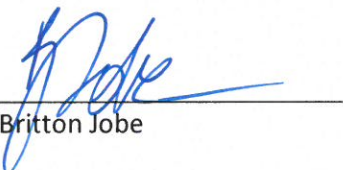
This report has been reviewed, modified, and approved by the Greene County Sales Tax Oversight Board.

  
Bernie Dana

  
Robert Davis

  
George Deatz

  
Conrad Griggs, Chairman

  
Britton Jobe

  
Debra Shantz-Hart



## Attachment 1

### Revisions to Exhibit B of the October 2, 2017 Resolution

The Resolution was carefully planned, approved by Commission, and presented to taxpayers. Commission desires the spending of taxpayer dollars to be in the most efficient manner possible. Commission does not make changes to the Resolution lightly; however, changes in information, regulations, and circumstances over time leads to the necessity to reevaluate plans. The following list summarizes the changes that have been made since the adoption of the Resolution.

#### Revenues

- Federal and State boarding revenue sources have been segregated and adjusted to recognize the cap on the number of additional beds that the larger jail facility can hold.

#### Expenditures

- The Justice System
  - Reciprocity has been recognized on a separate line as an additional jail operating expense.
  - GR II funding for the trunked radio system has been reduced by 25%.
  - Projected costs for additional jail staff have decreased due to the employment of an indirect-supervision staffing model for an off-campus facility.
  - A line has been added for uniform, training, and vehicle costs related to additional jail staff.
  - Additional jail operating expenses, previously calculated at a consistent growth rate, have been pushed out to correspond with the completion of the new facility, and capped to align more realistically with the cap in the increased number of inmates that the new facility can hold.
- Capital Projects
  - Significant modifications were made in the bond financing plan in August 2018 as to allow for more cash outlays in order to reduce financing costs. These outlays apply to the Operations Center, Jail, and Juvenile facilities.
  - In June 2019, Commission met to discuss Resolution priorities and reallocated funding for staffing, operations, and other sources to support the financing of a second bond for jail construction. The second bond increases the overall budget for the new location of a Jail/Sheriff Office facility to \$130 million, with the possibility of up to \$150 million.
  - Properties were acquired at the corners of Scott St & Boonville Ave and Central St & Campbell Ave to provide temporary space for Sheriff's operations and permanent County employee/customer parking. Although parking is mentioned in Exhibit A of the Resolution, these items were not specifically listed in the 20-year financial plan in Exhibit B of the Resolution.
- Community Projects
  - Funding for the animal shelter has been delayed to match City of Springfield timing.
  - Funding for the Family Justice Center was reduced by 20%.
  - The Fugitive Apprehension Unit was added as a second Partnership Law Enforcement Unit, with the understanding that funding would come from operational savings in the Family Justice Center and increased revenues from Federal boarding.