



Budget FY2025 Preview

Oelwein

November 13, 2023

Biggest Budget Hurdle- House File 718

- Consolidation of levies and creation of a newly-defined adjusted city general fund levy (ACGFL)
- Levy limitation based on property tax valuation growth “tiers”
- New homestead exemption for residential property owners of age 65 or more
- Military service exemption expansion
- Property tax abatement agreements and limits
- County auditor reports to distinguish revaluation and other additions to the tax base
- Required statement to be mailed to each property owner
- Changes to the budget timelines, forms, hearings and processes
- Single date annually for bond elections
- Bond financing (new general corporate purpose bonding limitations) and reporting requirements

**DRAFT/SAMPLE ONLY - FY2024 TEMPLATE MODIFIED BY IA LEAGUE
OF CITIES FOR USE IN WEBINAR ONLY AS A DEMO**

January 1, 2022 Property Valuations

	With Gas & Electric	Without Gas & Electric
Regular	2a	2b
DEBT SERVICE	3a	3b
Ag Land	4a	

Code Sec.	Dollar Limit	Purpose		TAXES LEVIED		
				(A) Request with Utility Replacement	(B) Property Taxes Levied	(C) Rate
384.1	8.10000	Regular General levy	5			
(384)		Non-Voted Other Permissible Levies				
12(8)	0.67500	Contract for use of Bridge	6		0	44
12(10)	0.95000	Opr & Maint publicly owned Transit	7		0	45
12(11)	Amnt Nec	Rent, Ins. Maint of Civic Center	8		0	46
12(12)	0.13500	Opr & Maint of City owned Civic Center	9		0	47
12(13)	0.06750	Planning a Sanitary Disposal Project	10		0	48
12(14)	0.27000	Aviation Authority (under sec.330A.15)	11		0	49
12(15)	0.06750	Levee Impr. fund in special charter city	13		0	51
12(17)	Amnt Nec	Liability, property & self insurance costs	14		0	52
12(21)	Amnt Nec	Support of a Local Emerg.Mgmt.Comm.	462		0	465
(384)		Voted Other Permissible Levies				
12(1)	0.13500	Instrumental/Vocal Music Groups	15		0	53
12(2)	0.61000	Memorial Building	16		0	54
12(3)	0.13500	Symphony Orchestra	17		0	55
12(4)	0.27000	Cultural & Scientific Facilities	18		0	56
12(5)	As Voted	County Bridge	19		0	57
12(6)	1.35000	Missi or Missouri River Bridge Const.	20		0	58
12(9)	0.03375	Aid to a Transit Company	21		0	59
12(16)	0.20500	Maintain Institution received by gift/devise	22		0	60
12(18)	1.00000	City Emergency Medical District	463		0	466
12(20)	0.27000	Support Public Library	23		0	61
28E.22	1.50000	Unified Law Enforcement	24		0	62
		Total General Fund Regular Levies (5 thru 24)	25	0	0	
384.1	3.00375	Ag Land	26	0	0	63
		Total General Fund Tax Levies (25 + 26)	27	0	0	Do Not Add
		Special Revenue Levies				
384.8	0.27000	Emergency (if general fund at levy limit)	28		0	64
384.6	Amnt Nec	Police & Fire Retirement	29		0	0
	Amnt Nec	FICA & IPERS (if general fund at levy limit)	30		0	0
Rules	Amnt Nec	Other Employee Benefits	31		0	0
		Total Employee Benefit Levies (29,30,31)	32	0	0	65
		Sub Total Special Revenue Levies (28+32)	33	0	0	
		Valuation				
386	As Req	With Gas & Elec				
	SSMID 1 (A)	Without Gas & Elec	34		0	66

PROPERTY TAX SYSTEM BASICS

OTHER IMPORTANT ITEMS

ELDERLY TAX CREDIT

* Expanded 2023

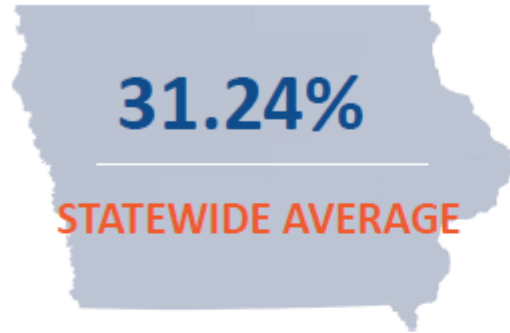


HOMESTEAD TAX CREDIT

* Expanded 2023



BUSINESS PROPERTY TAX CREDIT (CONVERTED TO ROLLBACK)



(3.9%/year)



CITIES WITH **LESS GROWTH**
THAN STATEWIDE AVERAGE
FOR ALL LOCAL GOVERNMENTS
= **8 YEAR SCHEDULE**

PROPERTY TAX SYSTEM BASICS

BACKFILL REDUCTION/ELIMINATION



CITIES WITH **MORE GROWTH**
THAN STATEWIDE AVERAGE FOR
ALL LOCAL GOVERNMENTS
= **5 YEAR SCHEDULE**

Backfill Loss Over Five Years

	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>
Backfill	\$111,382	\$89,105	\$66,829	\$44,553	\$22,276	\$0
Annual Loss		\$22,276	\$22,276	\$22,276	\$22,276	\$89,105
Total Loss		\$22,276	\$44,553	\$66,829	\$89,105	\$222,763

ROLLBACK NUMBERS

FY 2025

Stolen from the Iowa League of Cities



AGRICULTURAL – 71.8370%



COMMERCIAL – 90%*



INDUSTRIAL – 90%*



RAILROAD – 90%*



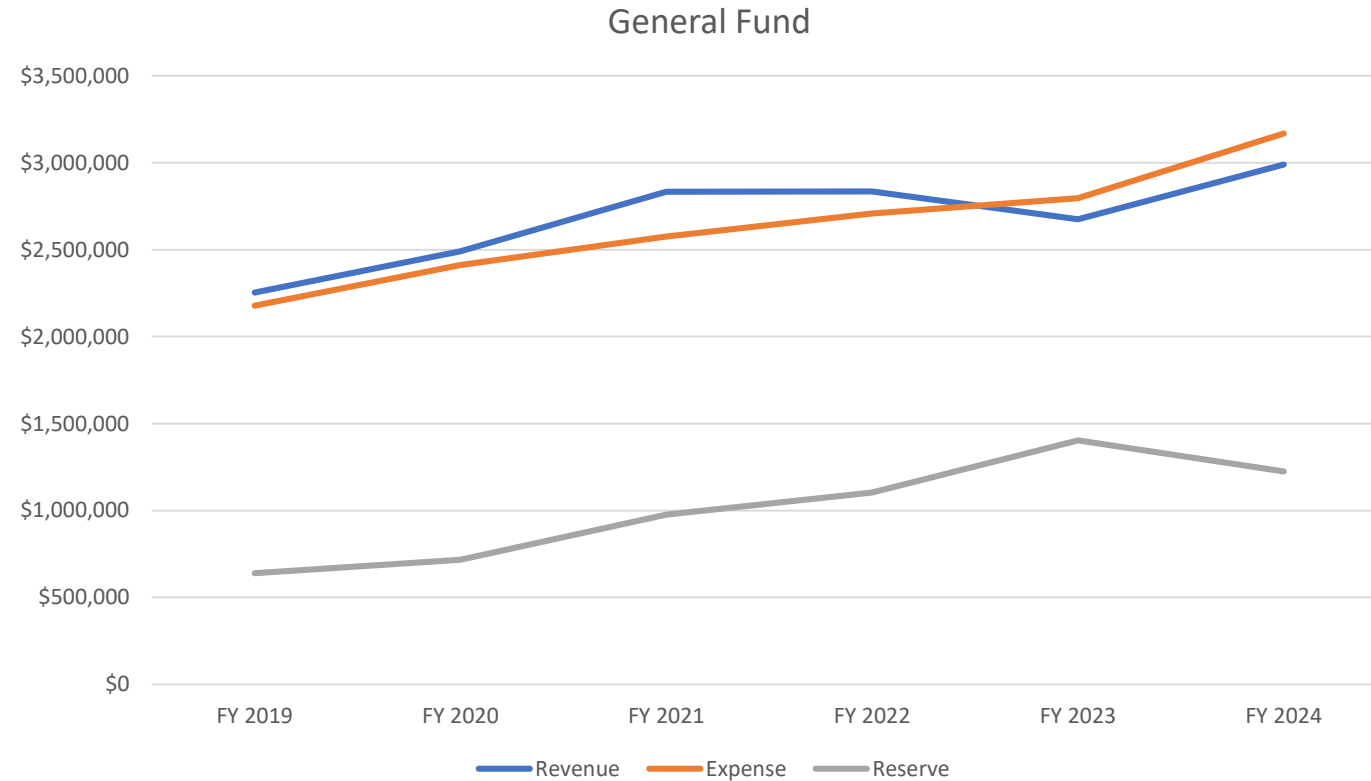
RESIDENTIAL – 46.3428%

First \$150,000 subject to residential rollback

Math, YEA!

	Assessed Value	Rollback			FY2024 Rate	
Residential	\$100,000	54.65010%	\$54,650.10	\$54.65	17.99215	\$983.27
FY2025	\$100,000	46.34280%	\$46,342.80	\$46.34	17.99215	\$833.81
Commercial	\$200,000	90.00000%	\$180,000	\$180	17.99215	\$3,238.59
FY2025	\$200,000	46.34280%	\$69,514	\$69.51	17.99215	\$87.51
		90.00000%	\$45,000	\$45.00	17.99215	\$809.65
					Total	\$897.15

Revenue- General Fund



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	\$2,253,798	\$2,490,984	\$2,833,336	\$2,834,795	\$2,676,180	\$2,990,142
Expense	\$2,178,321	\$2,412,946	\$2,575,205	\$2,708,227	\$2,796,626	\$3,168,705
Reserve	\$638,976	\$717,943	\$976,094	\$1,103,332	\$1,404,075	\$1,225,512

Oelwein Budget Cut Act of FY2025

- Several factors have led the city to work toward a tighter general fund
 - No Backfill
 - New legislation
 - Constant low valuations on dwelling units in Oelwein
- The City Administrator is proposing cutting \$334,000 from the general fund over three years
 - If you only cut \$178,563 in one year the next year will still require a cut
 - Extending the cut over three years allows council to adjust as needed each year
 - Cuts are only required if a revenue source cannot be created

General Fund Cuts

Police	\$105,000
Fire	\$20,000
Inspection	\$25,000
Airport	\$10,000
Library	\$30,000
Parks	\$30,000
Campground	\$5,000
Rec	\$9,000
Pool	\$15,000
Cemetery	\$10,000
General Admin	\$75,000
Total	\$334,000



Budget Cuts

- Cuts are determined by department.
- Recommended to council.
- Council will make the difficult policy decisions and determine if they are necessary or if departments should take priority
- Cuts are calculated as a percentage of the general fund

Budget Hearing

- Need to have a separate Budget Hearing Meeting
- Need to provide county with information to mail all city residents notice of meeting and possible levy changes
- No more max tax levy

Speed Camera Revenue

- Projected to be \$400,000 in FY2025
- City Council should determine where and how that money can be spent
 - The general fund will need it
- The state of Iowa is discussing this in 2024

Proposal for Road Infrastructure



- Move the Police CIP over to the general fund and fund it using traffic camera revenue
- Use the increase in Franchise Fees to supplement road improvements
- Use the increase in Local Option Sales Tax

Road Infrastructure Fund

RUT	\$100,000
Franchise	\$75,000
LOST	\$75,000
Total	\$250,000



Raise Taxes?

- The city is at a 17.9, if the city goes to a 19, it could open up debt service funding and benefits funding.
- The potential impact is:
 - Residential- \$60 per \$100,00 in home assessed value
 - Commercial- \$100 per \$100,000 in commercial industrial assessed value

10th Street Bridge

- City has a bridge grant for \$1,500,000
- The Bridge Replacement cost \$2,900,000
- The City need to loan for \$1,400,00
- The payment on a 10-year loan is \$180,000 at 5% interest
 - Could use the Infrastructure fund
 - Could raise taxes and use debt service
 - Could close the bridge and let it tumble

Budget Decisions

- All budget decisions should be driven by the Strategic Plan in the 2023 Comprehensive Plan

Utility Rates

- Prepare for a significant discussion on rates in December