

Final Review of Proposed FY24 Budget

State of Iowa Residential Rollback Error

When calculating the Residential rollback in October of 2022 for the budget year of FY24, the State included the properties that were previously classified as Multi-Residential into the formula. This caused the rollback to be 56.49% which was released by the State and was used by all County Auditors to calculate taxable valuations for the FY24 budget.

Legislation has been filed changing the formula to exclude all previously classified Multi-Residential properties from the calculation, which was the intent of the legislation, causing the rollback to change to 54.65% for FY24.

Statistics from the Department of Management show that one city in Iowa has adopted the FY24 budget, 603 have proposed the Max Property Tax Levy, and 159 budgets are in progress out of 940 cities. In order to meet all the publication and public hearing hurdles, cities must be well into the budget process by this time of the year.

State of Iowa Residential Rollback Error

Latest update from the Department of Management is that the deadline for certifying budgets has been moved to April 30th but also increased the number of days that the Department of Revenue and County Auditors have to release updated numbers from 15 to 17 days. The bill did pass the Senate with a unanimous vote last week. There was a committee hearing in the House today. The earliest the bill could be passed is late this week and would need to be signed by the Governor.

Given this timeline, it is possible to not get updated numbers until March 2nd and the City cannot set the public hearing on the budget until those numbers are finished and posted to the Department of Management website, as the numbers flow directly into the budget software. Staff would need time to prepare the new budget numbers with the reduction in revenue and whatever options the Council chooses to absorb this loss of revenue.

State of Iowa Residential Rollback Error

Projected Financial impact to the City of Newton in the FY24 Budget:

General Fund:	-\$150,033
Tort Liability Fund:	-\$ 10,132
Employee Benefits Fund:	-\$104,363
<u>Debt Service Fund:</u>	<u>-\$ 41,209</u>
Total Projected loss:	-\$305,737

*Does not include any TIF Funds

State of Iowa Residential Rollback Error

Options if this legislation passes and signed by Governor:

1. Approve budget as is: General Fund reserves projected to be 23.5% / Tort - \$10,132 / Employee Benefits -\$104,363 / Debt -\$41,209 (Borrow Capitalized Interest for 2023 bonds)
2. Move \$110,000 of capital items currently paid for in the General Fund to Bonding (GF reserves projected at 25%) / All other funds as in option #1
3. Move \$110,000 of capital items currently paid for in the General Fund to Bonding (Reserves at 25% of expenditures) / Absorb loss of revenue in Tort Liability fund / Employee Benefits: Move \$104,363 from Employee Benefits to the Road Use Tax Fund. This keeps the Benefit Fund the same as in the proposed budget but would add \$104,363 in expenses to the Road Use Tax fund changing the ending balance in the RUT fund to \$515,347 / Debt would still be option #1 above.
4. Elect not to hire the new CSO or Fire Prevention Specialist. (Reserves at 25% of expenditures) / Leave all other funds as stated in #1.
5. Reduce partner funding by \$110,000 (Reserves at 25% of expenditures) / Leave all other funds as stated in #1.

Outside Agency Funding Proposal For FY24

	FY23 Budget	FY24 Proposed	Alternate Proposal
Newton Development Corporation Hotel/Motel Tax and TIF's	\$ 110,000	\$75,000	\$75,000
Newton Housing Dev Corporation Fairmeadows N TIF	\$40,000	\$40,000	\$40,000
Newton Main Street North Central TIF	\$27,500	\$27,500	\$31,500
Heart of Iowa Regional Transport Local Option Tax	\$35,460	\$35,251	\$35,251
Newton YMCA Local Option Tax	\$20,000	\$20,000	\$22,000
Retired & Senior Volunteer Program Local Option Tax	\$15,000	\$15,000	\$17,500
United Way of Jasper County Local Option Tax	\$17,500	\$17,500	\$20,000
Hotel/Motel Tax Tourism Dollars		\$35,000	\$24,000
TOTAL:	\$265,460	\$265,251	\$265,251

Final Review of FY24 Proposed budget

Levy remains the same / \$17.14

- General Fund Revenues and Expenses have not changed since the January 13th draft budget

Revenues: \$9,178,377

Expenditures: \$9,051,826

(Numbers are before any reduction in revenue that would be caused by the pending legislation)

Undesignated reserves are projected to be 25% of Expenditures on June 30, 2024 per financial policies
\$144,800 in Capital paid from General fund

Landfill Budget changes since the 1-13-23 Draft

- Increased the Landfill Post Closure cost from 4 million to 4.5 million
- Increased the Landfill Transfer to Landfill Post Closure from \$50,000 to \$83,400

Proposed Capital Items in General Fund:

1. Administration Server Upgrades	\$ 10,000*
2. Zero Turn Mower – Cemetery	\$ 10,800
3. Cemetery Expansion	\$ 15,000*
4. Parks Shop Equipment Upgrades	\$ 14,000*
5. Disc Golf Improvements	\$ 9,000
6. Park Assessment Study	\$ 16,000*
7. Park Shelter & Restroom Upgrades	\$ 10,000
8. Police Equipment Misc	\$ 40,000*
9. <u>Police Computers & Technology</u>	<u>\$ 20,000*</u>
TOTAL:	\$144,800

*Equipment/Projects proposed to be moved to Bonding if Legislation passes / Leaving a balance of \$34,800 in the General Fund for capital items.

American Rescue Plan:

1. Arbor Estates – Phase 2	\$1,150,000
2. Interior Door Replacement Fire	\$ 25,000
3. East Bay Floor Resurfacing Fire	\$ 60,000
4. Fire Station Remodeling	\$ 15,000
TOTAL:	\$1,250,000

General Fund Bonds:

1. City Hall North Window Replacement	\$ 30,000
2. Parallel Taxiway Reconstruction	\$ 115,000
3. D&D Program	\$ 150,000
4. Engineering Vehicle	\$ 42,000
5. Fire Command Vehicle	\$ 65,000
6. Library Roof Replacement	\$ 35,000
7. Police Vehicles	\$ 200,000
8. Skid Steer Loader	\$ 35,000
9. W 6 St S	\$ 520,000
10. Public Works Wash Bay	\$ 200,000
TOTAL:	\$1,392,000

Park Bond General Obligation:

1. Westwood Clubhouse	\$ 877,000
2. Sunset Dog Park	\$ 38,000
3. Pickleball Courts	\$ 210,000
4. <u>Maytag Pool Play Features</u>	<u>\$ 475,000</u>
TOTAL:	\$1,600,000

Golf Fund Capital:

1. Golf Cart replacement	\$ 18,000
2. Fairway Mower	\$ 67,000
3. <u>Westwood Clubhouse</u>	<u>\$ 75,000</u>
TOTAL:	\$160,000

Landfill Fund Capital:

1. Compactor Replacement	\$900,000
2. Utility Vehicle	\$ 22,000
3. <u>Convenience Center Project</u>	<u>\$ 80,000</u>
TOTAL:	\$1,002,000

Road Use Tax Fund Capital:

1. Motor Grader	\$260,000
2. Skid Steer Loader	\$ 55,000
3. 24' Trailer	\$ 20,000
4. LED Streetscape Upgrades	\$ 30,000
5. SW Building Roof Rehabilitation	\$ 30,000
6. <u>PW Wash Bay</u>	<u>\$200,000</u>
TOTAL:	\$595,000

Water Pollution Control Fund Capital:

1. Sewer Inspection Equipment	\$ 155,000
2. NE Pump Station Improvements	\$ 25,000
3. Sanitary Sewer Rehabilitation	\$ 250,000
TOTAL:	\$ 430,000

Water Fund Capital:

1. Water Leak Correlator	\$ 22,000
2. Water Salesman	\$ 15,000
3. W 12 St S Service Lines	\$ 90,000
4. Control Panels & Telemetry	\$ 450,000
5. 4 x 4 Pickup	\$ 42,000
TOTAL:	\$ 619,000

Landfill Closure Fund:

1. Cap Cells B & C	\$4,500,000
TOTAL:	\$4,500,000

Tax Increment Financing Bonds:

1. Downtown Street Improvements	\$1,340,000
2. Downtown Park	\$ 225,000
TOTAL:	\$1,565,000

What's Next in the Budget Process?

- Earlier tonight, City Council set a public hearing on the Maximum Property Tax Dollars to be received by the City in certain levies in FY24.
- Public hearing on the Maximum Property Tax Dollars Resolution will be at the February 20th Council meeting.
- Setting the Public Hearing for the Budget will be dependent on when the City receives updated numbers from the County Auditor.
- Administration Department goals would be to set the public hearing at the March 20th meeting and hold the public hearing on April 3rd.

NOTICE OF PUBLIC HEARING - CITY OF NEWTON - PROPOSED PROPERTY TAX LEVY
Fiscal Year July 1, 2023 - June 30, 2024

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

Meeting Date: 2/20/2023 **Meeting Time:** 06:00 PM **Meeting Location:** City Hall Council Chambers / 101 W 4 St S / Newton Iowa

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After adoption of the proposed tax levy, the City Council will publish notice and hold a hearing on the proposed city budget.

City Website (if available)
www.newtongov.org

City Telephone Number
 (641) 792-2787

	Current Year Certified Property Tax 2022 - 2023	Budget Year Effective Property Tax 2023 - 2024	Budget Year Proposed Maximum Property Tax 2023 - 2024	Annual % CHG
Regular Taxable Valuation	491,160,425	545,776,307	545,776,307	
Tax Levies:				
Regular General	3,978,400	3,978,400	4,420,788	
Contract for Use of Bridge			0	
Opr & Maint Publicly Owned Transit			0	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.			0	
Opr & Maint of City-Owned Civic Center			0	
Planning a Sanitary Disposal Project			1	
Liability, Property & Self-Insurance Costs	230,000	230,000	310,000	
Support of Local Emer. Mgmt. Commission	22,400	22,400	22,400	
Emergency			0	
Police & Fire Retirement	922,360	922,360	930,927	
FICA & IPERS	541,363	541,363	627,594	
Other Employee Benefits	1,463,538	1,463,538	1,634,644	
Total Tax Levy	7,158,061	7,158,061	7,946,354	11.01
Tax Rate	14.57377	13.11538	14.55972	

Explanation of significant increases in the budget:

Increases in salaries and operating expenses for City operations as well as increased costs for property insurance and benefits for employees.

If applicable, the above notice also available online at:

<http://www.facebook.com/cityofnewtoniowa> <https://nextdoor.com/agency/city-of-newton> <https://newtongov.org/> <https://www.facebook.com/GetToKnowNewton/>
<https://twitter.com/gettoknownewton> <https://www.instagram.com/gettoknownewton/>

*Total city tax rate will also include voted general fund levy, debt service levy, and capital improvement reserve levy.

**Budget year effective property tax rate is the rate that would be assessed for these levies if the dollars requested is not changed in the coming budget year



Council Discussion on any other Changes to the FY24 Budget Proposal

Council General Questions and Comments