

MARSHALLTOWN

— I O W A —

Joel Greer, Mayor
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TO: Mayor and City Council
FROM: Diana Steiner, Finance Director
DATE: April 6, 2023
RE: Public Hearing and resolution to approve FY24 Budget and Certification of Property Taxes

Strategic Plan:

- Strategy 1: Expand and improve development in the community.
- Strategy 2: Enhance Marshalltown's public image.
- Strategy 3: Continually improve and sustain the City's infrastructure, organization, and services.
- Strategy 4: Partner with citizens, for-profit, non-profit, and others to improve quality of life.

Plan Objective: N/A

Recommendation: Action must be taken by Council to adopt the FY24 budget documents and certification of property taxes. The FY24 transfers between funds also need approved by Council.

Description/Background: The decisions Council has made during the January through March Council meetings have been incorporated into the official budget documents and the public hearing has been set for April 10, 2023. Changes can still be made at the hearing as long as the levy and expenditures are lower than what was published. In summary, the FY24 General Fund 001 budget is balanced with \$328,526 of Council Designated Local Option Sales Tax (LOST) and \$49,389 of American Rescue Plan funds, which maintains staffing and operations at the same level. The proposed tax levy of \$16.00 for every \$1,000 of taxable value maintains financial resources for future fiscal years, to prevent large tax levy fluctuations for future fiscal years. The total budget also proposes borrowing more than \$9 million in fiscal year 2024 to support projects like street improvements and downtown redevelopment, which will help increase valuations and other revenues, like Local Option Sales Tax.

While the FY23 budget is showing on the budget forms, we are not doing a formal budget amendment at this time and will address this at a later date. Instead, the amounts have been re-estimated to show the projected activity.

Six reports are included in the packet which comprise the FY24 budget and background information:

The **"RESOLUTION ADOPTING THE BUDGET AND CERTIFYING TAXES FOR FY24 AND TRANSFERS"** document is the resolution and the official budget document (noted as pages 1-13) that will be certified with the County Auditor after the public hearing and Council approval on April 10, 2023. The Notice of Public Hearing (first page) was published in the Times Republican newspaper on March 31, 2023. The report is showing the proposed property tax levy rate of \$16.00000 per \$1,000 valuation for regular property and \$3.00375 for agricultural land. Page 2 is the breakdown of each of the individual levies into the total proposed tax levy of \$16.00. As background, below is the history of property tax levies since FY2019:

- FY24: \$16.00 (proposed)
- FY23: \$15.36
- FY22: \$15.36
- FY21: \$15.38
- FY20: \$15.38
- FY19: \$15.28

The remainder of the report includes updated fund balances, the specific levy for the Marshall County Emergency Tax Levy, re-estimated revenues and expenses for FY23 (to be amended in May), the proposed revenues and expenditures for FY24, long-term debt schedule and a long-term debt summary. Please note that \$2,886,000 of LOST is reflected in the long-term debt schedule as property tax relief, along with an additional \$447,609 of LOST fund balance to achieve the \$16.00 tax levy.

The last 3 pages of this document reflects the money budgeted to be transferred between funds and the purpose.

The **“Revenues FY22 to FY24”** comparison report has been provided to show what is included in the different categories and the differences between the FY23 re-estimated and the FY24 proposed budget.

The **“Expenses FY22 to FY24”** comparison report has been provided to show the difference between the FY23 re-estimated and proposed FY24 budget.

The **“Budget Comparison Report all budgeted funds and functions”** report is organized first by funds and then by each function showing the revenue and expense. NOTE: THIS IS 158 PAGES.

The **Cash Balances Report** indicates the actual ending cash balances at 6/30/22, the activity for FY23 & FY24 with the projected ending cash balances for each fiscal year.

The **“Marshalltown Water Works Budget”** report is included since the City’s official budget that is submitted to the County includes them. Their re-estimated revenues are \$7,351,409 for FY23 and \$7,932,778 for FY24. Expenditures are \$5,774,039 for FY23 and \$6,695,499 for FY24. Their public hearing was Feb. 21, 2023 and the Board of Trustees approved. The City’s official budget documents include Marshalltown Water Works under the Proprietary column.