

# FY 2022 Budget Introduction

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# What is a budget

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- A plan for earning and spending money to achieve organizational goals
- A compromise

# The Purpose of the Budget

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- To assure the City's revenues and expenditures are balanced
- To assure accountability
- To express the broad goals and policies of the City Council
- Public Relations
- Planning

# The City's Budget Process

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- Departmental Supervisors estimate costs of operations and any new projects or programs
- City Administrator and Finance Officer estimate revenues
- Revenue and expenditure comparison
- Meetings are held with Department Supervisors to discuss possible cuts
- Determine the possible use of reserves
- Submit budget draft to the City Council for their review and input

# The City's Budget Process

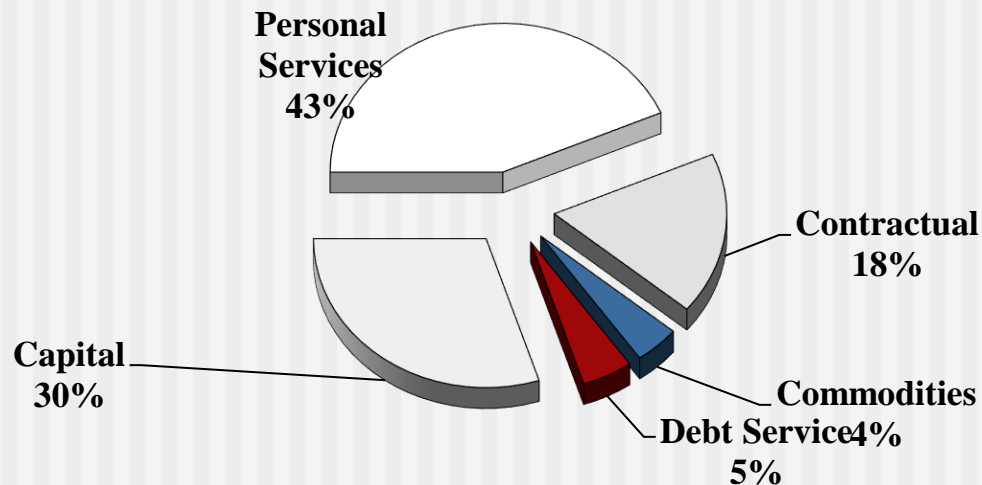
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- Final draft of the City Budget is completed
- A public hearing is held
- After receiving public input, the Council may make amendments before voting to adopt the annual budget
- Budget adoption process is completed
- Throughout the year actual expenditures are compared to the budget, special attention can be given to “red flags” and mid-year corrections can be made

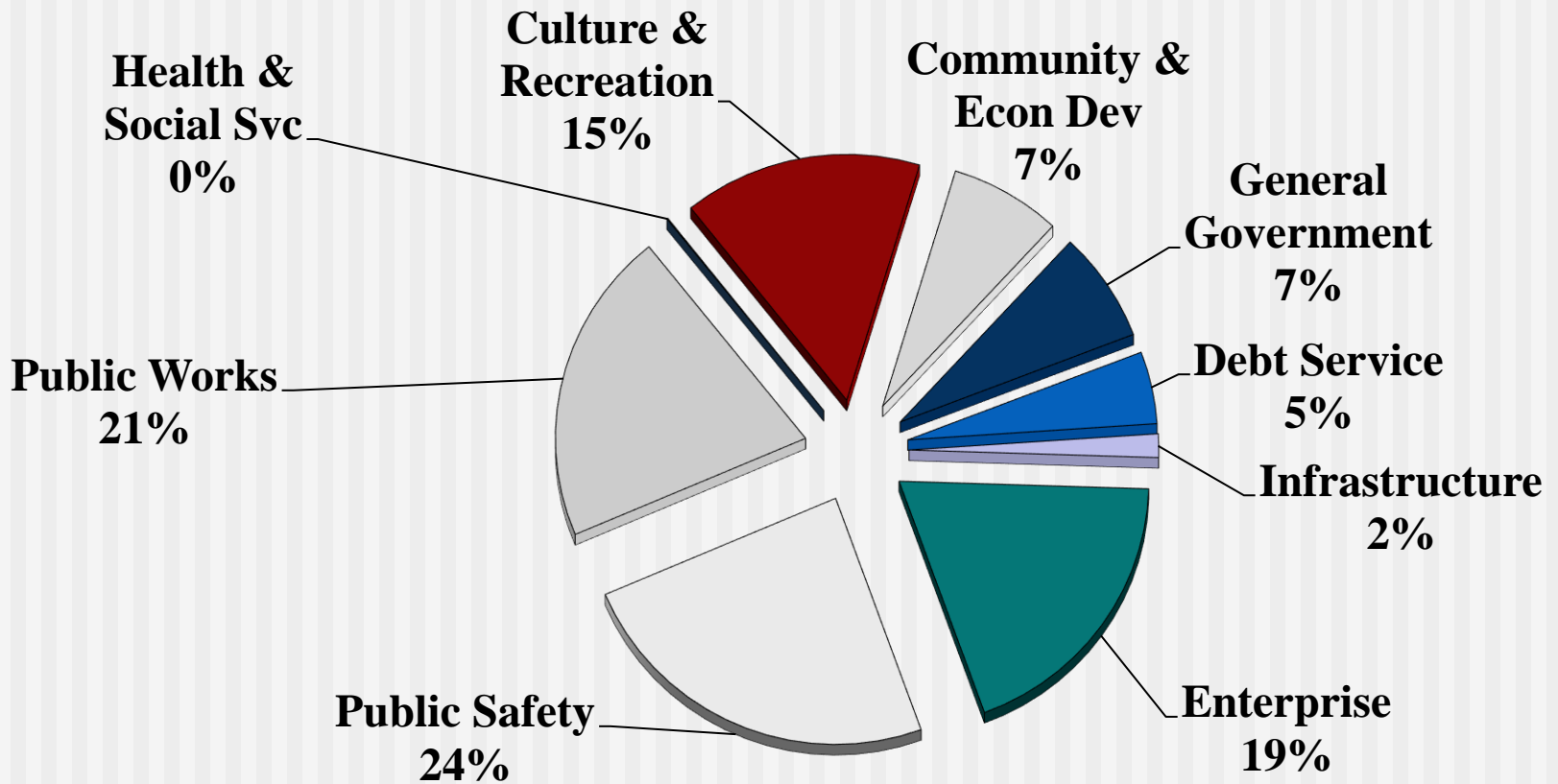
# Total FY 22 Expenditures

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- Total Budget is \$14,877,857
  - Operating Budget \$9,712,659
  - Capital Budget \$4,458,970
  - Debt Service \$706,228



# FY 22 Expenditure Allocation



# FY 22 Major Capital Projects

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- Woodford Site Demo/Improvement
- Alley Improvement Project
- Demo/Improvement County Shed Project
- Wellness Center Pavers
- S Lakeview Drive – Initial Stages
- 6<sup>th</sup> Ave S
- S 11<sup>th</sup> Street
- Sidewalk Improvement
- Overlay Project
- HWY 18 Project
- Courtway Lot 3 Project
- 12<sup>th</sup> Ave S & S 8<sup>th</sup> Street

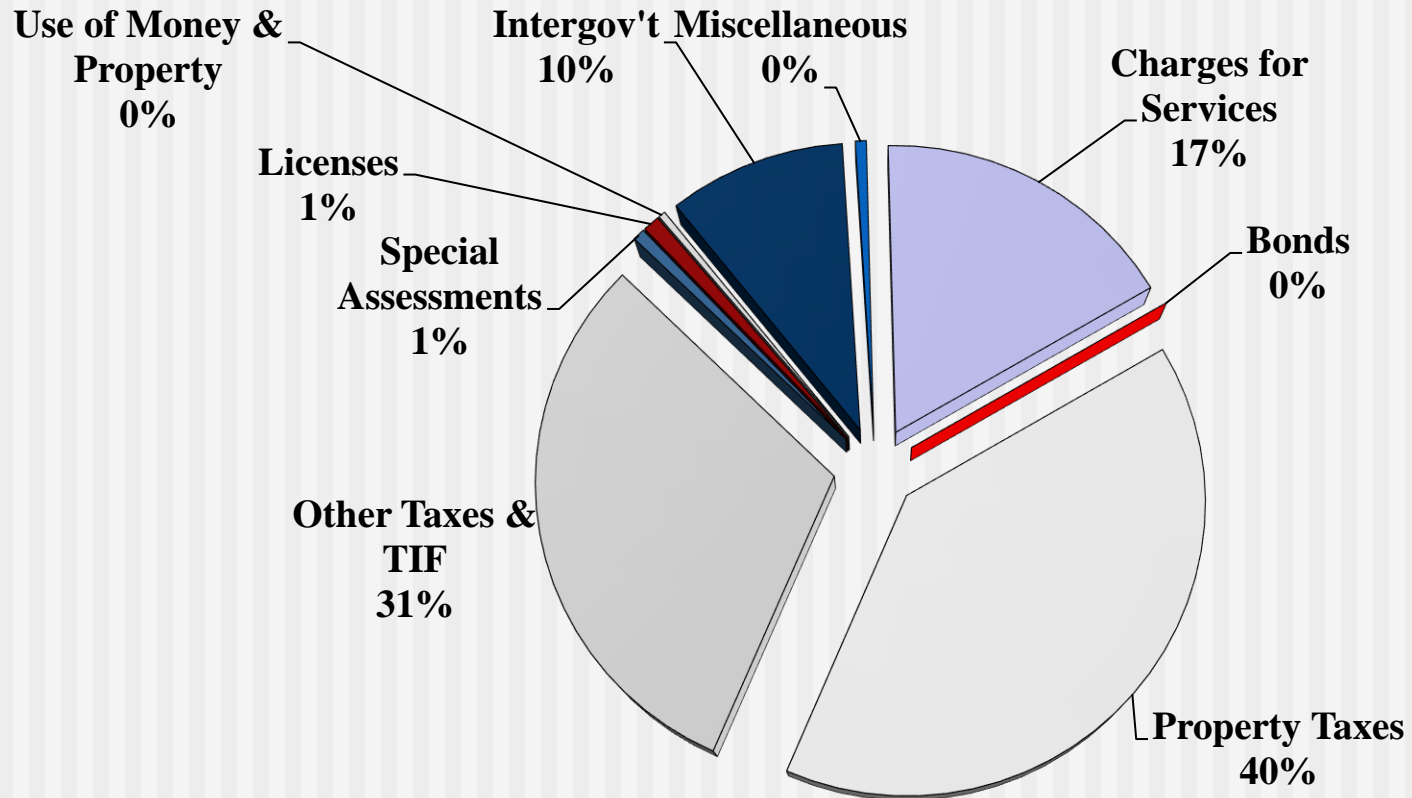


# FY 22 Major Capital Purchases

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- Police
  - Replace two patrol cars
- Park & Rec/Pool
  - Demo/Improvement County Shed Property
- Wellness Center
  - Equipment & Furniture
- Public Works
  - Skid Loader and Trailer
  - Utility truck & pickup truck
- Capital Reserve Additions
  - Ambulance/Fire truck
  - Road Use

# FY 22 Total Revenues



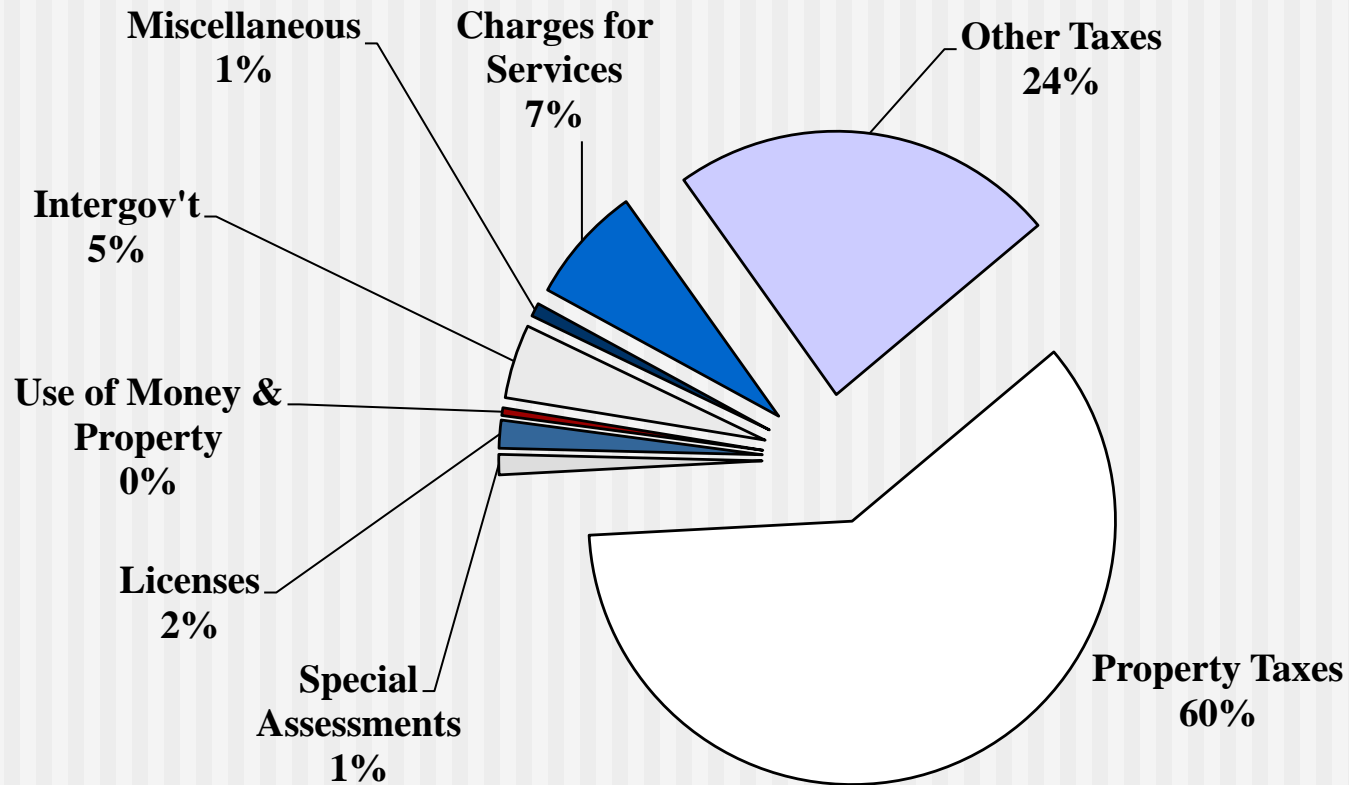
# General Fund

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- Projected revenues \$8,049,954
- Anticipated expenditures \$8,021,640
- Projected ending cash balance \$4,978,191
  - 62% General Fund Budget
- Projected reserve fund balance
  - Public Safety Equipment \$290,000
  - S Lakeview Dr Project \$500,000

# FY 22 General Fund Revenues

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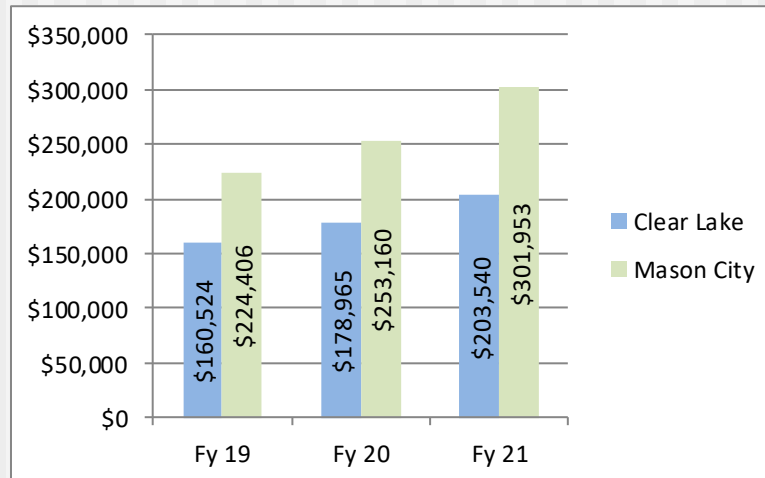
# FY 21 Property Tax Rate \$9.70

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- 95 Cities in Iowa with a population over 4,000
  - For FY 21 Clear Lake had the 5<sup>th</sup> lowest city tax rate
- Lowest rates – Eldrige \$6.73610, Evansdale \$7.94876, Dyersville 9.56090, Asbury \$9.57199, Clear Lake \$9.70, Ankeny \$10.0, Dubuque \$10.144
- Highest rates – Ottumwa \$22.45650; Fort Dodge \$20.17395; Denison \$19.05141; Red Oak \$18.68150; Knoxville \$18.56275; Waterloo \$18.44023; Shenandoah \$18.42726

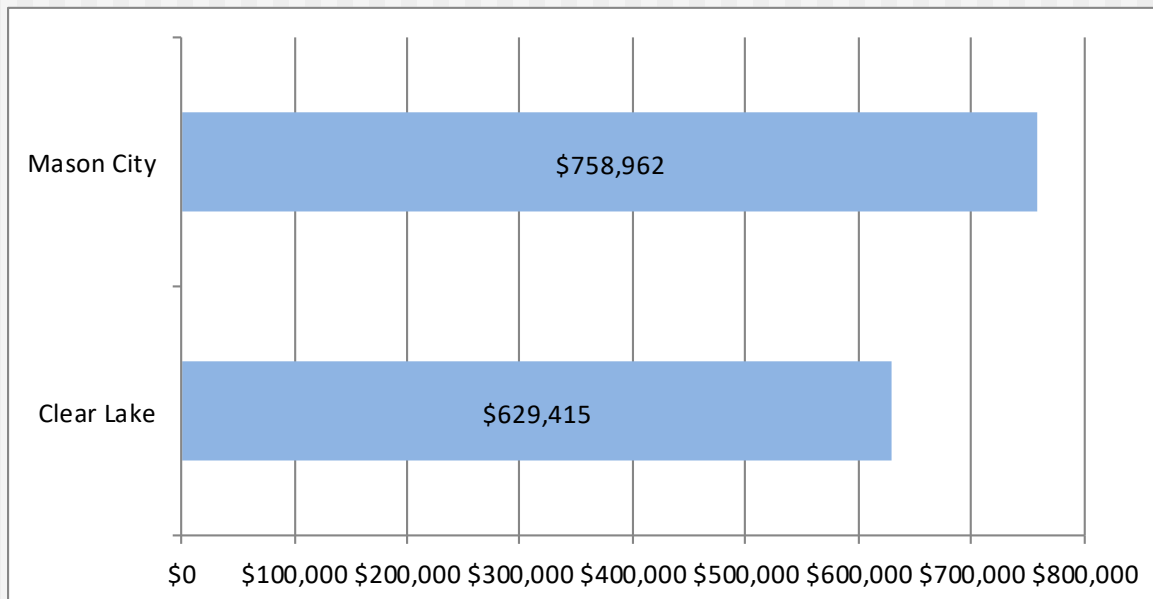
# Industrial Tax Comparison

	Fy 18-19	Fy 19-20	Fy 20-21
<b>Valuation</b>	18,200,000	20,500,000	23,315,000
Rollback	90%	90%	90%
Taxable Valuation	16,380,000	18,450,000	20,983,500
<b>City Tax Rate</b>			
Clear Lake	9.80	9.70	9.70
Mason City	13.70	13.72	14.39

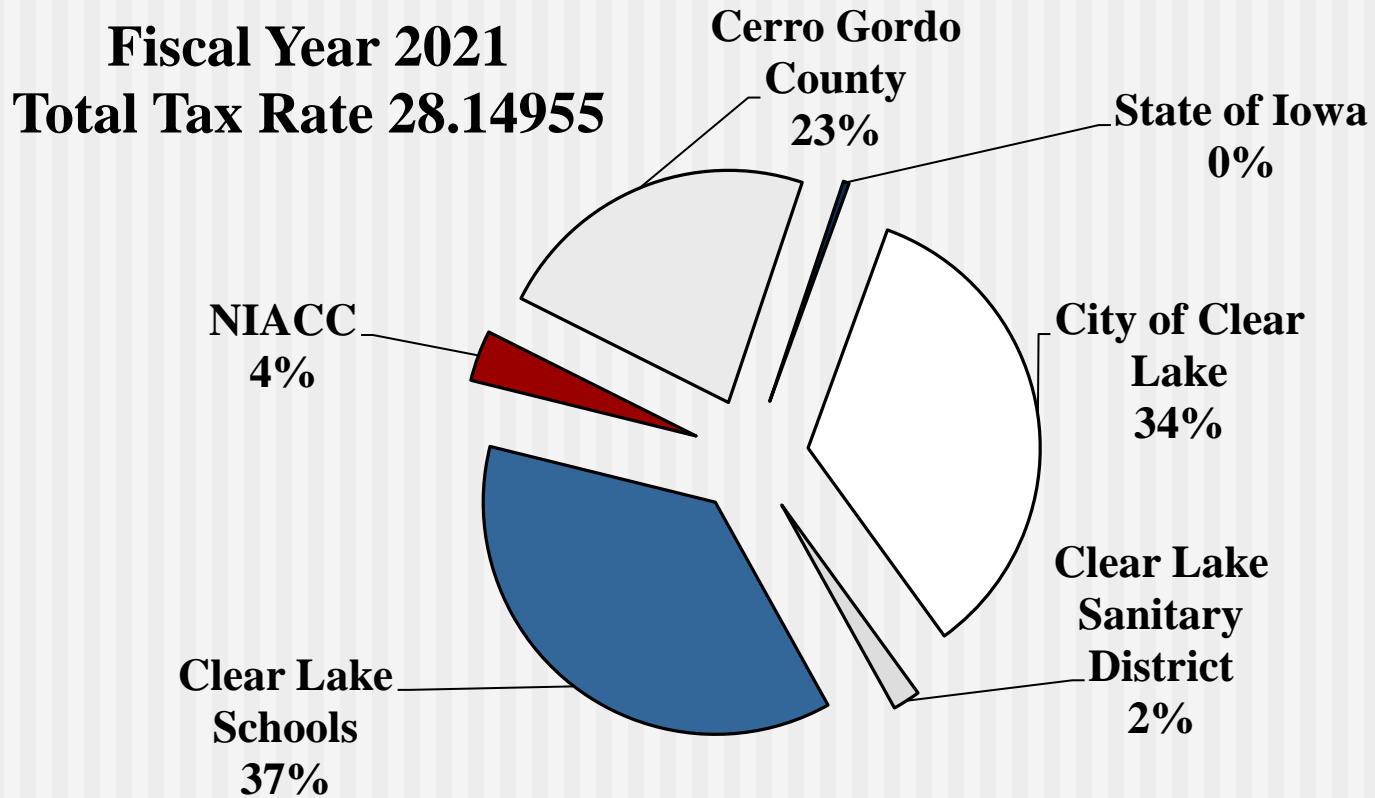


# Industrial Tax Comparison

	Fy 20-21
<b>Valuation</b>	23,315,000
Rollback	90%
Taxable Valuation	20,983,500
<b>Consolidated Tax Rate</b>	
Clear Lake	29.996
Mason City	36.169



# Total Tax Bill Components





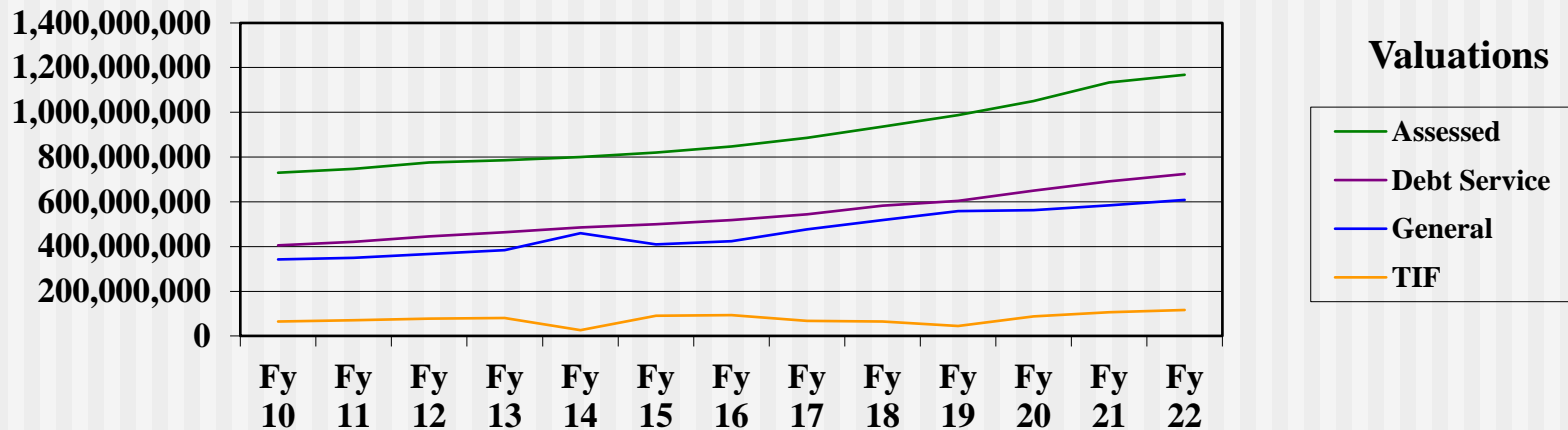
## FY 21 Consolidated Tax Rate \$28.14955

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- 95 Cities in Iowa with a population over 4,000
  - For FY 21 Clear Lake had the 7<sup>th</sup> lowest consolidated tax rate
- Lowest rates – Spirit Lake \$25.84384; Eldridge \$26.15160; Carroll \$26.84467; Le Mars \$27.46444; Dyersville \$29.89128; Evansdale \$29.96942; Clear Lake \$29.99570; Dubuque \$32.29306
- Highest rates – Ottumwa \$49.68477; Des Moines \$49.32249; Fort Dodge \$48.32414; Red Oak \$47.47852; Clinton \$47.07859; Centerville \$46.076911

# Property Tax Valuations

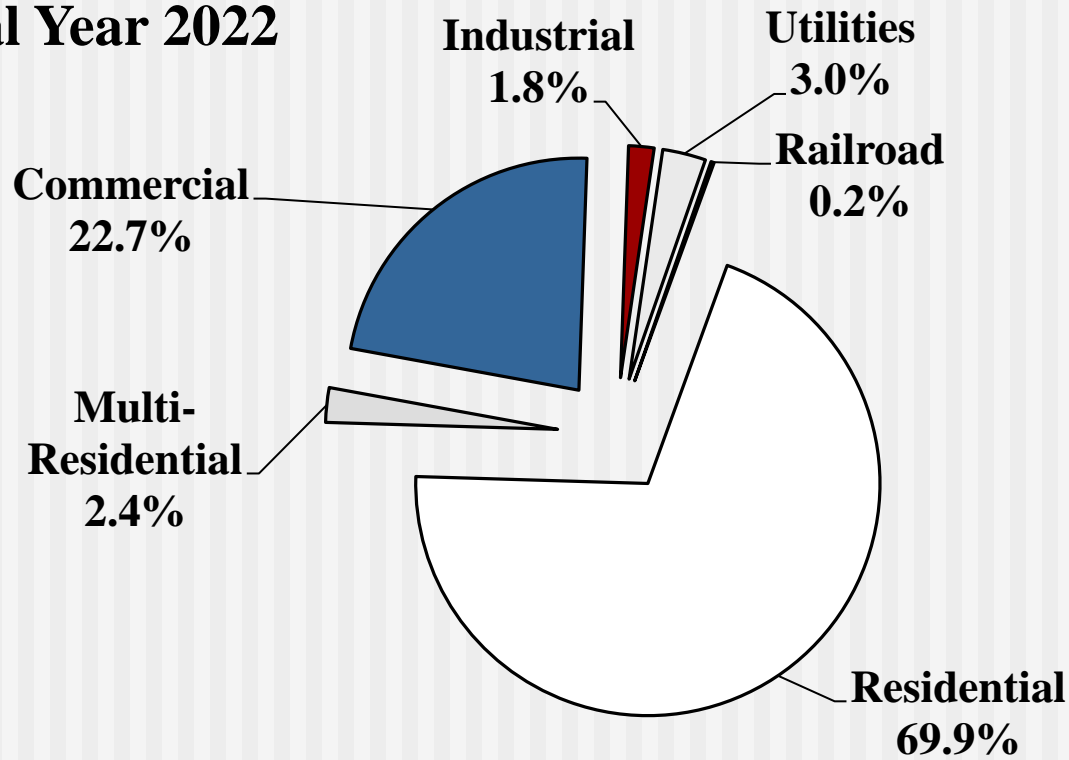
- FY 22 Total Taxable valuation is \$728,071,665
  - Increase of \$33,256,991 or 4.8%
  - Rollback – FY 22 is 56.41%; FY 21 is 55.07%
- FY 22 Assessed valuation is \$1,167,750,305



# Taxable Valuation by Class

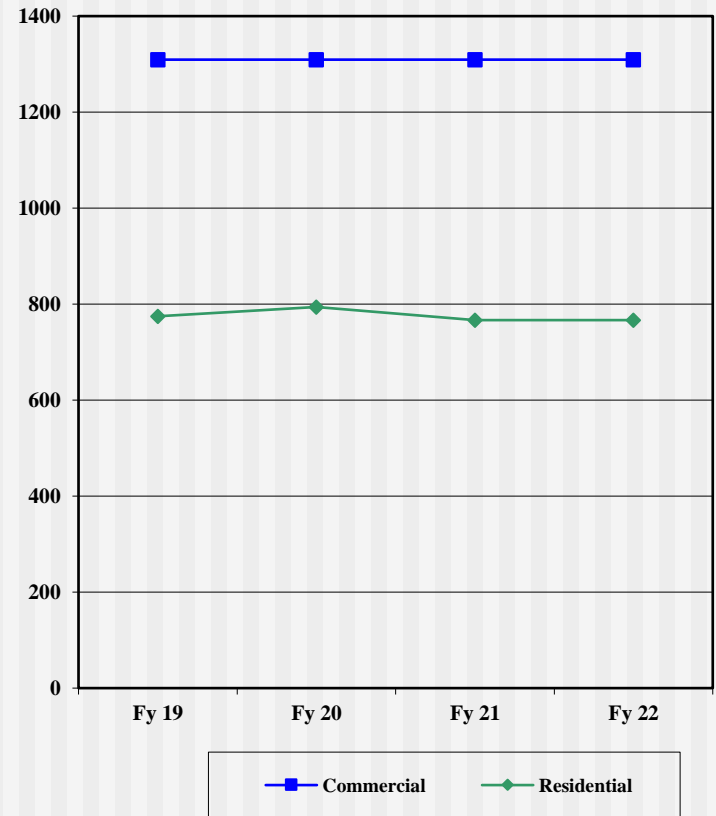
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**Fiscal Year 2022**



# FY 22 Proposed Tax Rate \$9.70

- Taxes based on \$150,000 assessed valuation
- FY 21 Tax bill change
  - Residential  
Increase \$19.43
  - Commercial  
No change
- Due to change in residential rollback



# Property Tax Dollars by Area of Service



Public Safety  
35%

Public Works  
15%

Health & Social  
Services 0%

Culture & Rec  
15%

Community & Economic Dev  
4%

General  
Government 11%

Enterprise 20%

# Property Tax Rate \$9.70

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- Comprised of 4 different levies
  - General Fund Levy \$7.63830
  - Tort Levy \$.36147
  - Employee Benefit Levy \$1.38562
  - Debt Service \$.31461

# General Fund Levy \$7.63830

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- Maximum Levy \$8.10
  - 85 of the 95 cities with population over 4,000 (89%) at the \$8.10 limit for FY 21
- Decrease of \$.04609/\$1,000 from FY 21 rate of \$7.68439
- Prior year rates – FY 20 7.50587, FY 19 \$7.47856; FY 18 \$7.37646
- Supports General Government Department
  - Public Safety – Police , Fire, Ambulance
  - Library, Park & Recreation
  - Public Works – Streets, Traffic Signals
  - Administration

# Tort Levy \$.36147

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- Property and liability insurance premiums necessary for the operation of the City may be levied outside of the \$8.10 general limit
- Increase of \$.06222/\$1,000 from FY 21 rate of \$.29925
- Prior year rates – FY 20 \$.31074, FY 19 \$.31327; FY 18 \$.33737



# Employee Benefit Levy \$1.38562

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- A City may levy in the Employee Benefit fund for FICA, IPERS, and other employee benefits
  - Majority of this levy is for Health Insurance
- Increase of \$.02946/\$1,000 from FY 21 rate of \$1.35616
- Prior year rates – FY 20 \$1.35616; FY 19 \$1.50921; FY 18 \$1.71931
- Health insurance premiums were estimated to increase 10% in FY 22
  - FY 21 rate increase was 1.4%

# Debt Service Levy \$.31461

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- Debt service levy is for the annual principal and interest payments on the City's General Obligation bonds
- Decrease of \$.04559/\$1,000 from FY 21 rate of \$.31461
- Prior year rates – FY 20 \$.38639: FY 19 \$.39896; FY 18 \$.36686

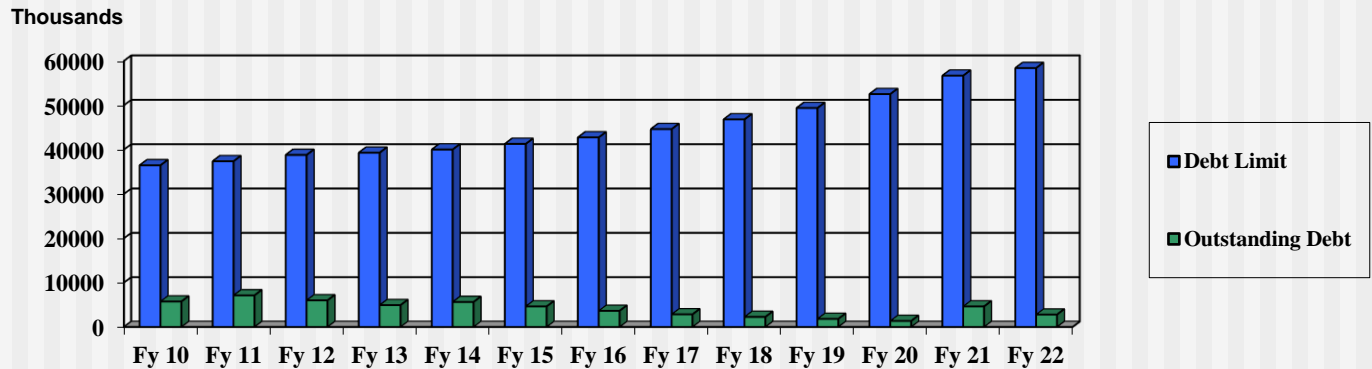
# Debt Service Levy \$.31461

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- \$2.3 Million Fire Station Bonds Issued January 2011
  - Voter approved referendum in August 2010 to issue \$2.3 million in general obligation debt to fund the construction and equipping of a new fire station
    - Final payment June 2021
- \$700,000 Wellness Center & \$600,000 Land Acquisition Bonds

# Debt Capacity

- 5% of Assessed valuation
- FY 22 Capacity used is 4.8%
  - Capacity \$58,387,515
  - Outstanding Debt \$2,788,500



# Road Use Tax

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- Accumulated by the State through motor vehicle registration fees, fuel taxes, an excise tax imposed on the rental of automobiles and use tax on trailers
  - Rate increased March 2015
- Allocated to the cities on a per capita basis
- FY 22 estimated revenue \$995,500 (\$128.00 per capita rate)

# Other Taxes

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- Local Option Sales Tax
  - 1%
  - 90% for Property Tax Relief
  - 10% for Community Betterment
  - Based on an estimate from the State  
FY 22 revenues is \$1,478,000

# Other Taxes

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## ■ Hotel Motel Tax

- 7% - Increased January 2008
- FY 22 Estimated Revenue \$462,000
- Allocation
  - Convention & Visitors Bureau (Chamber) 42.6% (60% of the 5%) \$196,812
  - North Iowa Corridor 14.2% (20% of the 5%) \$60,400
  - City 14.2% (20% of the 5%) \$60,400
  - Lake Restoration 21.75% (75% of the additional 2%) \$92,400
  - Recreation or Cultural Facilities 7.25% (25% of the additional 2%) \$30,800
    - 1/1/08 to 12/31/11 to North Iowa Cultural Center & Museum
    - Effective 1/1/12 Golf Course purchase

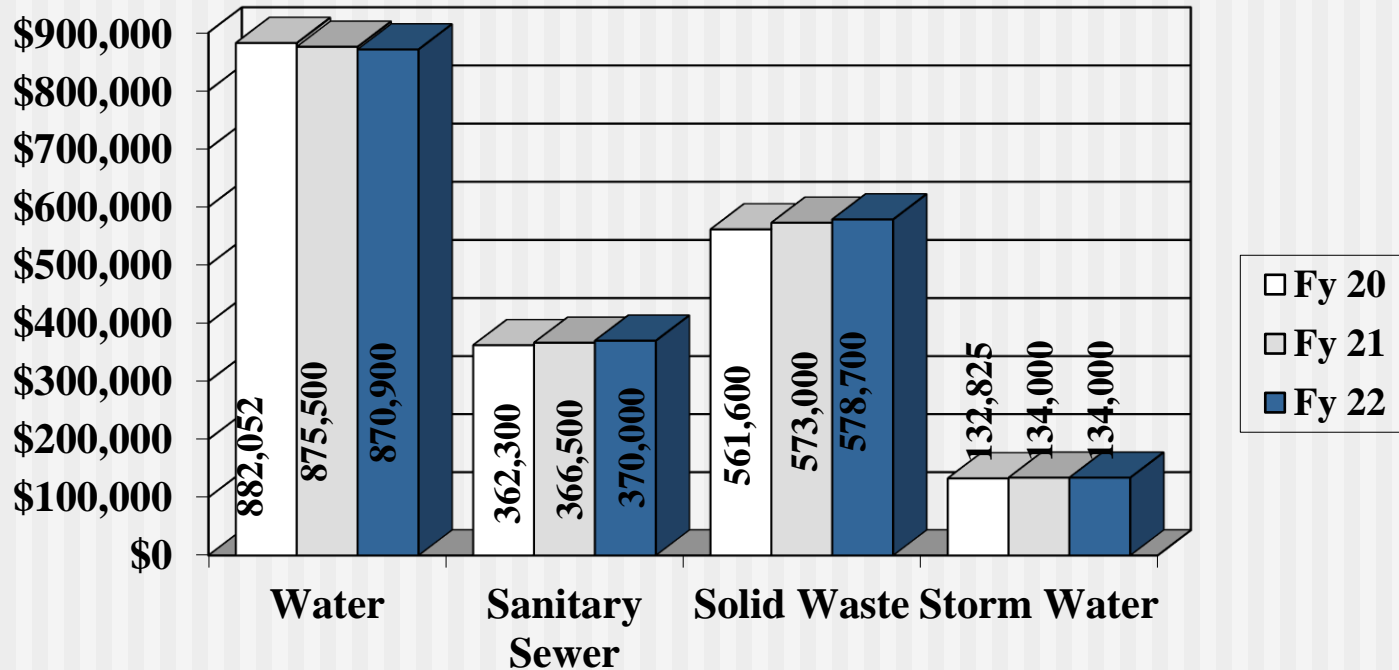
# Utility Rate Adjustments

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- CPI Adjustment is 3% or the annual CPI as of March, whichever is less
- July 2020 Rate Adjustment was 1.5%
  - December 2019 CPI was 2.3%
- July 2021
  - Estimated rate adjustment of 1%
    - December 2020 CPI was 1.4%



# Estimated Utility Revenue



# July 21 Est. Utility Rates

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\*Estimated 1% CPI Increase

Water Base Rate	\$ 8.86
Consumption Rate	\$ 2.66/thousand
Sewer Base Rate	\$ 1.40
Sewer 38% of Water	\$ 3.36
Garbage/Recycling	\$10.87
Landfill	\$ 2.45
Storm Water	\$ 2.53

Total Minimum bill \$29.47

Average Residential bill (3,900) \$38.46

\*\*The above amounts do not include tax

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