



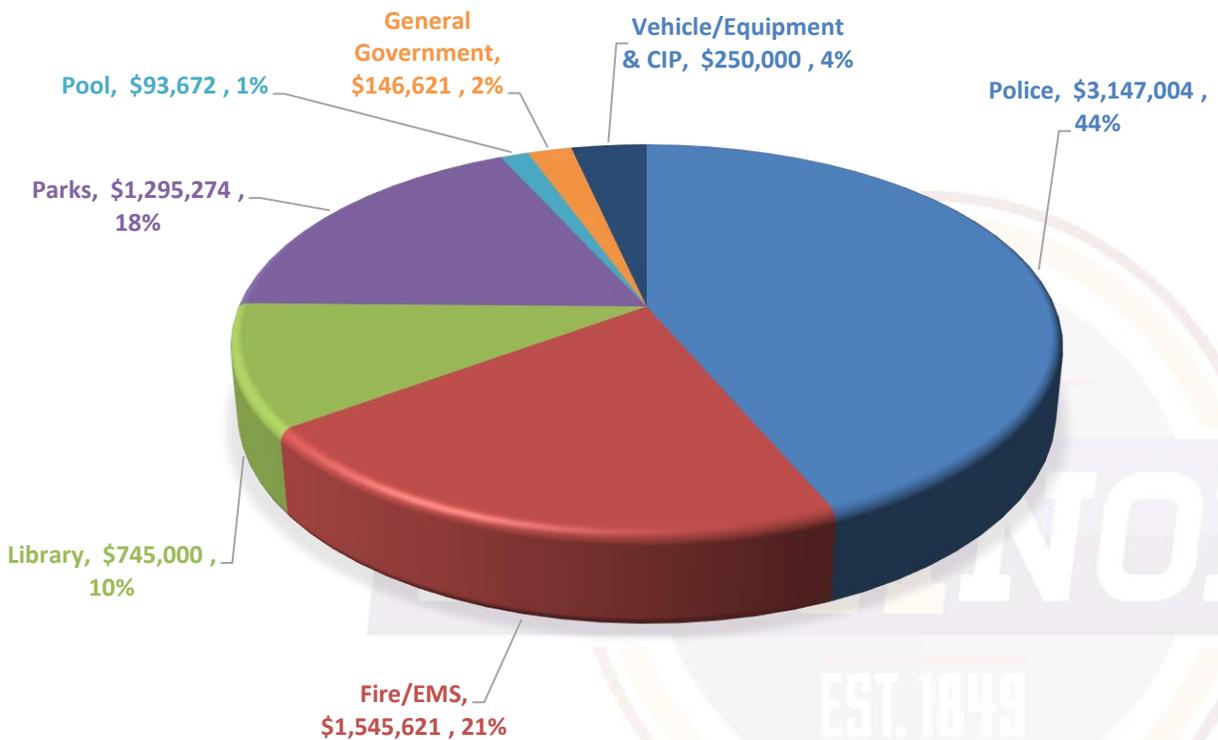
CITY MANAGER

SPRING 2020 – INDIANOLA MAGAZINE – CITY MANAGER’S REPORT

Greetings! On February 2nd our dear friend Punxsutawney Phil didn’t see his shadow. So, it is my hope that by the time this edition of the Indianola Magazine reaches community mailboxes Spring has truly sprung (I am trying to maintain a positive mental attitude despite the fact that as I write this article our community is under a winter weather advisory)!

In the last edition of the City Manager’s Report, we devoted much of the article to review some key municipal budget items, such as Fiscal Year (FY), filing deadlines, and funds structure. As you may recall from that article, I shared how our budget process starts in June of the previous year with the creation of the budget calendar. If you were able to check out the budget calendar on the City’s website, you may have noticed that Indianola’s budget takes several months of preparation. Over these nine months spent preparing the annual budget, there is much time invested in data gathering and analysis, research, presentations, revisions and most importantly public meetings. For this edition, I will focus on a major portion of this process - the development of the General Fund budget.

The General Fund is the portion of the City’s budget that accounts for all the main services the City provides (i.e. police, fire, ambulance, library, parks and the pool). Another important thing to know about the General Fund is that it is primarily funded by property taxes. The provided pie chart shows the breakdown of how the City’s property tax revenue gets distributed to these service areas (please note that this is the breakdown for the proposed Fiscal Year 21 budget that will be considered by the City Council on March 25th).





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The process to arrive at these numbers is not a simple process. It takes a significant amount of time and research for the City Departments to build their budgets. In Indianola, each department starts their budget from zero and as a result of the research the departments develop a list of expenditures needed to fulfill their respective purpose of serving the community. The departmental budgets are straightforward and contain funding requests for personnel, benefits, trainings, supplies and other basics like technology. It is during this process when departments will identify additional resources needed to perform their duties to Indianola. For instance, as a result of studies of staffing levels in the police and fire departments that showed a deficit in these levels, during the budget process for FY20 (July 1, 2019 to June 30, 2020) the City Council adopted a plan to increase the staffing levels for both police and fire over the next few years. Similarly, a review of the library staffing levels showed a similar deficit. Therefore, as staff prepared their budgets to meet the December 1st budget submission deadline, they incorporated the necessary requests to address the staffing deficiencies - a request is included for two additional police officers, two additional police vehicles and an additional full-time and part-time employee in the library.

After budget requests are submitted, the Finance Team led by our Finance Director (Andy Lent) compiled all the submissions and scheduled staff meetings during which requests were reviewed in detail. This was all done so we not only presented accurate data to the City Council, but also so that we were prepared for the important date of January 1st. This is the date when Warren County will have filed their valuation reports to the State. This data is extremely important as it helps us to understand 1. how much we, as a City, have grown and 2. what property tax rate is required to fund the needed services based on the growth.

What we know from the Warren County information this past January is that our community added more than \$173 million in valuation over the last four years and surpassed the \$1 billion valuation mark for the first time in our community's history. If you are still reading this article, this is very positive news. With added valuation this means there are more resources in the community contributing towards services provided by the City.

Now, it is important to also understand that as part of this process, the State dictates to communities how much of this valuation can be taxed (aka Rollback) based on property type. The following table helps illustrate this point:

Rollback Percentages (how much of value can be taxed)	FY2020	FY2021
Single-Family Residential	56.92%	55.07%
Commercial	90.00%	90.00%
Industrial	90.00%	90.00%
Multi-Family Residential	75.00%	71.25%



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Taking into account all the information contained in this article – budget requests, staffing increases in police and library, economic growth (i.e. valuation increase), Rollback, etc., for the draft FY 21 budget (July 1, 2020 to June 30, 2021) that has been presented and reviewed during several public meetings, there is a forecasted property tax levy rate of \$13.63 (the current rate is \$13.28).

So, what does this all mean to you? The following is a table illustrating the impact on only the City’s portion of the property tax bill if the draft budget with the increased police and library staffing is approved:

Home Value	Difference in City Taxes		
	FY2020	FY2021	Difference
\$ 100,000	\$ 755.81	\$ 750.42	\$ (5)
\$ 150,000	\$ 1,133.71	\$ 1,125.63	\$ (8)
\$ 200,000	\$ 1,511.62	\$ 1,500.84	\$ (11)
\$ 300,000	\$ 2,267.43	\$ 2,251.25	\$ (16)
Comm/Ind Value	FY2020	FY2021	Difference
\$ 500,000	\$ 5,975.51	\$ 6,131.50	\$ 156
\$ 1,000,000	\$ 11,951.01	\$ 12,263.00	\$ 312
\$ 2,000,000	\$ 23,902.02	\$ 24,525.99	\$ 624
MultiFamily Value	FY2020	FY2021	Difference
\$ 500,000	\$ 4,979.59	\$ 4,854.10	\$ (125)
\$ 1,000,000	\$ 9,959.18	\$ 9,708.20	\$ (251)
\$ 2,000,000	\$ 19,918.35	\$ 19,416.41	\$ (502)

Yes, you are reading the table correctly. Even with an increase in the property tax rate (on the City’s portion only), because of the economic growth of our community the financial impact will be less if your home value remained constant.

If you are still awake, hopefully you have a little better understanding of the complexities of municipal budgeting. Your City Staff is always available to meet and answer your questions on this or any other City subject. Feel free to also stay engaged by following us on our social media outlets, visiting our revised website (www.indianolaiowa.gov) where you can also sign up to receive meeting notices, updates and alerts, and by calling (515.961.9410) or visiting us at City Hall (110 N 1st Street).

