

City of Perry, Iowa
FY 2025 Budget Report
April 11, 2024

General Fund Revenues

1. FY 2025 General Fund Revenues are projected to be \$4,781,152 and the FY 2025 General Fund Requested Expenditures are \$4,753,602. This is an anticipated surplus \$27,550.
2. Changes in the General Fund revenues include the implementation of the Combined General Fund Levy (CGFL), which is due to House File 718. This legislation included provisions to reduce a city's General Fund Levy if the non-TIF taxable property value grows. The CGFL limits the number of individual levies that a City can adopt. In FY 2024, the City of Perry adopted the \$8.10 General Fund Levy, the \$.135 Community Building Levy, the \$.27 Emergency Levy and the levy for the cost of the property and casualty insurance. FY 2024 is the baseline year for the CGFL. In the FY 2025 budget, the General Fund levies are combined, except for the property and casualty insurance levy. The CGFL for FY 2025 is \$8.33823 per \$1,000 valuation.
3. For future years, if the City's growth rate is less than 3%, the current calculated CGFL baseline will not change. However, if the growth rate is between 3% and 5.99%, the CGFL will decrease by 2%. If the growth rate is over 6%, the CGFL will decrease by 3%.
4. The City's taxable valuation increased from \$183,336,813 in FY 2024 to \$190,372,387 in FY 2025, an increase of \$7,035,574. This reflects growth, even taking into consideration the State of Iowa's decrease of the residential property assessment limitation (Residential Rollback) from 54.6501% to 46.3428%.
5. Increases for "Charges for Services" for various departments include an increase of \$20,000 in the garbage collection revenues. This is caused by the addition of garbage customers and by businesses adding collection service dates. Dumpster rental and extra garbage collection continue to be popular as more residents have reserving dumpsters. McCreary Community Building receipts are expected to remain the same. Receipts had increased since 2021, after the completion of the McCreary Community Building renovation and 24 hour fitness facility. Building Permit receipts are expected to generate approximately \$75,000 for FY 2025.
6. Franchise fees for Alliant Energy and Midamerican Energy are expected to increase slightly due to the number of new housing units in Perry. The additional two percent for the Alliant Energy franchise fee is being used to fund Ash Tree removal and to further fund right-of-way tree management. \$380,000 has been budgeted for the 4% Alliant Energy electrical franchise fee. \$50,000 has been budgeted for the Midamerican Energy gas franchise fee.
7. Hotel/Motel tax is anticipated to remain at the same level in FY 2025, which is \$89,000. Of the 7% collected, the City keeps 3% to use for our own marketing projects. The

Chamber of Commerce is paid 4% of Hotel/Motel Tax Funds to market and benefit the Perry community.

8. There will be no new fees or any fee increase for Perry residents.

General Fund Expenditures

1. The requested FY 2024 General Fund expenditures are \$4,753,602.
2. FY 2025 will be the first year for the Teamster (Police) and AFSCME Union contracts. The wage increases for Teamster (Police) and for AFSCME eligible employees have been budgeted at a 5% increase.
3. The salaries for Department Heads and other non-union employees are also estimated at an at least 5% increase. City Administrator Sven Peterson has met with Department Heads and the Personnel Committee to discuss the FY 2025 wages.
4. In FY 2025, there will be a transfer of \$100,000 from the TIF Fund and \$50,000 from the Local Option Sales Tax Fund to continue to allow the City of Perry to staff the Community and Economic Development Department. This position has been important in helping Perry grow and attract new business and industry. \$40,000 has been budgeted for a transfer from the Local Option Sales Tax Fund to partially fund the Marketing Coordinator position. The remainder will be funded through the 3% Hotel/Motel Tax revenue that the City of Perry retains.
5. The Property and Casualty Insurance expenditure increased from \$259,942 in FY 2024 to \$371,947 in FY 2025, which is an increase of \$112,005 or 43%. This is the second year of large premium increases due to natural disasters nationwide. The City of Perry also purchases cyber insurance for protection of our technical resources. The renewal from Cowbell Cyber for FY 2025 was \$13,061.
6. During the budget process, operating expenditures were kept at approximately the same level as recent years. Some expenditures are increasing due to inflation, such as fuel and utilities. Staff is keeping track of the solar energy generated by month to determine how the solar project affects the electric utility usage.

Special Revenue Funds

1. The Road Use Tax Fund is expected to have revenues of \$1,042,188 with expenditures budgeted at \$1,340,502. City staff usually budgets a higher amount in the expenditure accounts for street maintenance, snow removal and equipment repairs, although the Public Works Department generally does not use all the funds allocated. If the Public Works Department faces a year with substantial expenditures, the fund balance in the Road Use Fund can also be used for street maintenance and snow removal.
2. The Benefit Fund expenditures have increased for the health insurance premiums, which are budgeted at a 3.5% increase, the dental and vision insurance premiums, which are budgeted at a 5% increase and the life insurance premiums, which are budgeted at a 5% increase. The IMWCA Work Comp premium is anticipated to decrease in the amount of \$23,140 to \$116,516 in FY 2025, which is a 20% decrease. The City's Mod Factor has finally decreased after the huge increase in FY 2023 due to the two very large claims. The Perry Safety Committee continues to work with IMWCA to educate the employees and decrease the chances of injuries.

3. The Local Option Sales Tax Fund is anticipated to bring in \$2,800,000 in revenues. After 20% is transferred to the Local Option Maintenance Fund and the debt service is paid from the Local Option Sales Tax Fund, approximately \$1,545,241 will be available for the capital expenditure requests from the various departments. City Administrator Sven Peterson has worked with Department Heads on prioritizing their requests and recommends that City Council approve Capital Expenditures in the amount of \$1,512,570 from the Local Option Sales Tax Fund and \$238,300 from the Local Option/Maintenance Fund. A separate document has been created to show the capital expenditures recommended for approval. This will be distributed to City Council as well as staff, media and in the budget binders at City Hall, the Perry Public Library and the McCreary Community Building.
4. Many of the Special Revenue funds, such as the Library Gift Fund, Wiese Park Fund, Senior Fellowship Fund, Carnegie Library Fund, Caboose Fund and Town/Craft Building Fund have revenues that are designated for a specific use. The expenditures are paid through the revenues generated through the fund. In some instances, the City transfers Local Option Sales Tax to the funds to cover any overage. This occurs primarily in the Carnegie Library Fund and the Town/Craft Building Fund.
5. A Special Revenue fund was created for the City of Perry's cost to maintain the Hotel Pattee. The Hotel Pattee maintenance costs for FY 2025 are expected to be \$244,345. This includes property taxes, property and casualty insurance, building maintenance contracts (elevator, hvac, etc) and building maintenance costs. The City of Perry collects \$12,000 per year from Perry Hospitality, Inc. in rent. The estimated overage of \$232,345 will need to be subsidized by City funds, such as Local Option Sales Tax.

Debt Service

1. In FY 2025, the Local Option Sales Tax fund will transfer the following amounts to the Debt Service Fund: \$55,218 to pay for the bond payment for the 2013 Energy Bank Loan Agreement, \$40,000 to pay the bond payment for the Minburn Telephone Sallyport Loan Agreement and \$197,856 for the payment for the 2019A Airport Improvement Note.
2. The bond payment for the 2020 General Obligation Bond is \$587,100. Of this amount, \$191,200 will be paid from LOST Fund 121 for the payment of the McCreary Building Phase 1 Renovation, \$249,900 will be paid from the Road Use Tax and LOST Fund 121 transfers for the 2024 HMA Resurfacing Project and \$146,000 will be paid from the FY 2025 TIF certification for the 2020 Downtown Improvement Project and the 2020 28th Street Improvements Project.
3. To show how important Local Option Sales Tax is to the City of Perry, in FY 2025 \$596,672 of the collected Local Option Sales Tax funds will be used for the debt payments as described above. If the City of Perry had to place this amount on the property tax levy, this would be an increase of \$3.13 per \$1,000 valuation, which would put our total levy rate at approximately \$21.44 per \$1,000 valuation.
4. The Sewer Operations Fund will transfer \$163,520 to the Debt Service fund to pay for the FY 2025 payment for the 2013 General Obligation Sewer Bond, which included several sewer improvement projects, such as the 18th Street Sewer, the Raccoon River

Bank Stabilization and the West 5th Street Sewer Improvements. The Sewer Operations Fund will also transfer \$1,242,980 to the Sewer Sinking Fund to pay the FY 2025 bond payment for the 2021 SRF Sewer Bond for the Waste Water Treatment Plant Renovations. City staff worked with Public Financial Management (PFM) in 2022 to review and set sewer rates for FY 2023 to FY 2026.

Levy Rate

1. The taxable valuation for the City of Perry increased \$7,035,574 from FY 2024 to FY 2025. In FY 2024, the City of Perry adopted the \$8.10 General Fund Levy, the \$.135 Community Building Levy, the \$.27 Emergency Levy and the levy for the cost of the property and casualty insurance. FY 2024 is the baseline year for the CGFL. The amount of growth in the taxable valuation was 4%. Since the growth was over 3% but less than 6%, the City of Perry was required to reduce the CGFL by 2%. The baseline CGFL for FY 2024 is \$8.51 per \$1,000 valuation. With the 2% decrease, the CGFL for FY 2025 is \$8.33823 per \$1,000 valuation.
2. Property tax system decreases in effect in FY 2025 include the rollback for Commercial and Industrial Properties, in which the first \$150,000 is subject to the current residential rollback and any value over that is subject to the 90% rollback. This budget includes the \$23,087 in Commercial and Industrial Property Tax Replacement from the State of Iowa. State representatives have said that Perry will receive the backfill through FY 2029, although the backfill amount decreases each year.
3. In 2022, the State of Iowa passed a bill that eliminated the Business Property Tax Credit and replaced it with the equivalent of a rollback on all commercial, industrial and railroad properties. The State of Iowa appropriated \$125 million to fund the Business Property Tax Credit Reimbursement to cities. However, this amount won't be sufficient to fund the BPTC backfill through FY 2029. The amount of BPTC backfill that the City will receive in FY 2025 is \$78,906.
4. The Multi-Residential property class is still in effect for the FY 2025 budget year and has decreased to the residential rollback rate of 46.3428%. The City DOES NOT receive backfill for the decrease in revenues from the change in Multi-Residential property tax.
5. The amount needed for the Benefit Fund Levy, which includes FICA, IPERS, Police Retirement, Health Insurance and Workers Compensation Insurance, increased from \$1,320,617 in FY 2024 to \$1,366,114. However, with the decrease in the residential rollback, the Benefit Fund levy rate decreased from \$7.20 in FY 2024 to \$7.17 in FY 2025.
6. The FY 2024 levy rate is \$17.98945 per \$1,000/valuation. In FY 2025, debt payments for the 2013B General Obligation Bond and the 2016 GO Corporate Purpose Bond will continue to be paid from the Debt Service Levy. The 2013B General Obligation Bond included the purchase of the new fire truck, the McCreary Center Parking Lot project, the Rowley Masonic Home Road Project, the Willis Avenue Improvement Project, the HMA Repair Project, the Conventional Hangar Project at the Municipal Airport and the 18th Street Construction Project. The 2016 GO Corporate Purpose Bond includes the

engineering and City's portion of the Willis Avenue Bridge Replacement, the engineering for the Highway 144 Intersection Improvement Project and the remaining funds necessary for the North Street Project. With these bond payments included on the Debt Levy, the levy rate for FY 2025 is estimated to be \$18.31234 per \$1,000/valuation. Please note, levy rates and budgets can decrease after publication, but they cannot increase.

City taxes for a property with an assessed valuation of \$100,000:

FY 2024 taxable valuation, after rollback: \$54,650 @ \$17.98945 = \$983.12

FY 2025 taxable valuation, after rollback: \$46,342 @ \$18.31234 = \$848.63

Next Steps: The FY 2025 budget hearing will be on April 15th at 6:00 p.m. following publication of the hearing notice in the Des Moines Register on April 5, 2024 and Perry Chief on April 11, 2024. The adopted budget will then be submitted to the State of Iowa and the Dallas County Auditor. Copies of the FY 2025 budget will be available for public viewing at Perry City Hall, the Perry Public Library and the McCreary Community Building as well as being posted on the City of Perry's website, www.perryia.org. If you have any questions, please contact Finance Officer Susie Moorhead at 515-465-2481 or by email at susie.moorhead@perryia.org.