

City of Perry, Iowa
FY 2024 Budget Report
April 13, 2023

General Fund Revenues

1. FY 2024 General Fund Revenues are projected to be \$4,458,213 and the FY 2024 General Fund Requested Expenditures are \$4,386,197. This is an anticipated surplus \$72,016. Work sessions have been held with each of the Department Heads and there will be no further cuts to the General Fund operating expenditure requests.
2. Changes in the General Fund revenues include an additional \$76,828 in the General Fund Property Tax revenue for the \$8.10 levy. This is due to an increase in Perry's taxable valuation from \$173,920,169 for the current year, FY 2023 to \$183,336,813, an increase of \$9,416,644. This reflects the decrease of the taxable valuation of \$5.3 million due to the State of Iowa's decrease of the residential rollback after the valuations were first distributed. This cost the City of Perry approximately \$43,000 in General Fund property tax revenues.
3. 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 charges have also increased as more residents have been doing home improvement projects. McCreary Community Building receipts are also expected to remain the same. Receipts had increased over the past two years after the completion of the McCreary Community Building renovation and 24 hour fitness facility. There is a strong possibility that Recreation Program revenues will increase after the addition of a full-time Recreation Coordinator. Building Permit receipts are also expected to generate approximately \$75,000 due to the continuing home improvement projects and the new construction of residential and commercial properties. Airport charges for services will increase by approximately \$10,900 due to an increase in hangar rent fees.
4. Franchise fees for Alliant Energy and Midamerican Energy are expected to increase slightly due to the number of new housing units in Perry. The electric franchise fee increased from 2% to 4% during FY 2023. The additional two percent will be 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, an increase of \$8,000. City
5. Hotel/Motel tax is anticipated to return to remain at the same level in FY 2024, which is \$89,000 for the FY 2024 revenues. 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.
6. In FY 2023, the Fire Department requested that Fire Service Charges be charged to property owners and/or insurance companies for calls received and responded to.

Although fire suppression services have been typically regarded as “free services” funded through property taxes, charging fees is something that many other departments are doing to cover their expenses. Many of the fees are covered by resident's homeowner or vehicle insurance policies, rather than by individuals themselves. This fee structure has not yet been approved by City Council. The revenue from Fire Service Charges has not been included in the FY 2024 budget, but Council may study and discuss the issue.

General Fund Expenditures

1. The requested FY 2024 General Fund expenditures are \$4,386,197.
2. This is the third year for the Teamster (Police) and AFSCME Union contracts. The wage increases for Teamster (Police) and for AFSCME eligible employees will be 4%.
3. The salaries for Department Heads and other non-union employees are also estimated at an at least 4% increase. City Administrator Sven Peterson has met with Department Heads and the Personnel Committee and recommends that several changes take place in the FY 2024 budget for Personnel Services. Police Chief Eric Vaughn has recommended that the Dallas County Sheriff's Department take over the dispatch duties for the City of Perry due to continuous changes in technology requirements. He recommended keeping two full-time dispatchers and revising their job duties into a Records Clerk and Assistant Records Clerk. The remaining four Dispatchers would be laid off. A surplus in the General Fund budget will be earmarked for any unemployment claims. With these changes taking place, it was possible to budget for a 14th Police Officer and a full-time Recreation Coordinator at the McCreary Community Building.
4. In FY 2024, 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 new 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 was budgeted at a 17.5% increase 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 2024 was \$13,287.
6. During the budget process, the Department Heads attempted to keep operating expenditures at approximately the same level or less than 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 \$1,090,000 with expenditures budgeted at \$1,323,369. 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 5.10% 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 slightly, in the amount of \$2,137 to \$119,879 in FY 2024, which is a 2% decrease. The City's Mod Factor is beginning to decrease 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 \$2,500,000 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 \$1,297,491 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 \$1,495,631 from the Local Option Sales Tax Fund and \$242,739 from the Local Option/Maintenance Fund. \$198,139 will be spend from the Local Option Sales Tax (121) fund balance and \$22,799 will be spent from the Local Option Sales Tax/Maintenance (122) fund balance. A separate document has been created to show the capital expenditures, both requested and approved. 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 Funds 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.

Debt Service

1. In FY 2024, 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, \$202,206 for the payment for the 2019A Airport Improvement Note and \$80,000 as the FY 2024 loan payment for the 2024 Garbage Truck purchase.
2. The bond payment for the 2020 General Obligation Bond is \$587,800. Of this amount, \$194,600 will be paid from LOST Fund 121 for the payment of the McCreary Building Phase 1 Renovation, \$249,700 will be paid from the Road Use Tax and LOST Fund 121 transfers for the 2020 HMA Resurfacing Project and \$143,500 will be paid from the FY 2024 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 2024 \$684,423 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 \$3.73 per \$1,000 valuation, which would put our total levy rate at approximately \$21.72 per \$1,000 valuation.
4. The Sewer Operations Fund will transfer \$161,775 to the Debt Service fund to pay for the FY 2024 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 \$1,038,689 to the Sewer Sinking Fund to pay the FY 2024 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 \$9,416,644 from FY 2023 to FY 2024, causing the \$8.10 General Fund levy to generate an additional \$76,828 in FY 2024. The valuation for FY 2024 is based on the property assessments at January 1, 2022.
2. Property tax system decreases in effect in FY 2023 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 does include the \$52,142 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. The Multi-Residential property class is still in effect for the FY 2024 budget year and has decreased to the residential rollback rate of 54.6501% and the City DOES NOT receive backfill.
4. The amount needed for the Benefit Fund Levy, which includes FICA, IPERS, Police Retirement, Health Insurance and Workers Compensation Insurance, increased from \$1,219,717 in FY 2023 to \$1,320,617 in FY 2024. This caused the Benefit Fund levy rate increase from \$7.01 in FY 2023 to \$7.20 in FY 2025.
5. In FY 2022, the total levy rate was \$17.97556 per \$1,000/valuation. In FY 2023, the total levy rate is \$17.99825 per \$1,000/valuation. In FY 2024, 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 refunding of the 2008A GO Bond for 2nd Street and other street project, 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 2024 is estimated to be \$17.98945 per \$1,000/valuation, a decrease of \$.0088 per \$1,000 valuation.

6. Please note, levy rates and budgets can decrease after publication, but they cannot increase.

Next Steps: The council will hold the public hearing for the FY 2024 budget on April 26, 2023 at 5:0 p.m. with publication of the hearing notice in the Perry Chief on April 13, 2023. The adopted budget will then be submitted to the State of Iowa and the Dallas County Auditor. Copies of the FY 2024 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.