

ITEM # 31  
DATE: 04-11-23

**COUNCIL ACTION FORM**

**SUBJECT: RESOLUTION APPROVING A MAXIMUM PROPERTY TAX LEVY OF \$23,666,001 AND SETTING APRIL 25, 2023 AS THE DATE OF THE PUBLIC HEARING TO CONSIDER THE ADOPTION OF THE FISCAL YEAR 2022/23 ADJUSTED BUDGET AND THE FISCAL YEAR 2023/24 BUDGET**

**BACKGROUND:**

During the 2019 legislative session, changes were made to the Code of Iowa that altered the process for the adoption of annual budgets for cities. Per Iowa Code section 384.15A, cities must now hold a public hearing and adopt a maximum property tax levy in any year the city expects to adopt a budget that includes a levy of property taxes (excluding debt service) exceeding 102 percent of the prior budget. Additionally, the Code requires that notice of the hearing be included on the City internet site and primary social media account. The approval of the maximum levy requires a two-thirds majority vote of the Council.

One of stated purposes of the new legislation was to improve transparency and disclosure of proposed property tax increases for local government.

**CITY OF AMES BUDGET AND PROPERTY TAX LEVY:**

As a growing City, Ames routinely adopts a budget that includes a levy of property taxes that exceeds 102 percent of the prior year. Ames has also followed a policy of complete and full disclosure for the proposed and adopted budget, including the levy of property taxes and the impact of the various classes of property. Because of this, compliance with the Iowa Code changes fits within the City's established budget process but requires an additional hearing and posting of property tax levy information in the format established by the State of Iowa.

The deadline for adoption of the budget is customarily March 31 to allow time for public notices and the additional hearing required for the maximum tax levy. Due to the timing of a modification to the residential rollback rate, the deadline for certification of the annual budget was adjusted to April 30, 2023. While the deadline for certifying the budget was modified, the process for adopting the budget remains the same as in past years.

**The proposed budget and associated notices include a maximum levy amount of non-debt service-related property tax collections in the amount of \$23,666,001. This amounts to a 19-cent increase in the aforementioned levy rates. It should be emphasized that this year staff evaluated the appropriate levy utilization given the likely changes in the State's property taxation system. In order to maintain maximum flexibility and predictability given the uncertainty of future State Legislature action, a shift of levy utilization is being made from the Employee**

## **Benefits Levy to the General Levy.**

### **ALTERNATIVES:**

1. Adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2023/24, and establish April 25, 2023, as the date of the final public hearing on the Adjusted Budget for FY 2022/23 and the adoption of the Budget for FY 2023/24.
2. Delay the hearing and resolution establishing the City of Ames maximum property tax levy for fiscal year 2023/24.

### **CITY MANAGER'S RECOMMENDED ACTION:**

Holding a public hearing and adoption of a maximum property tax levy is required to proceed with the City Manager's recommended budget and any modifications made by City Council. Therefore, it is recommended that City Council approve Alternative No. 1, as described above.

**NOTICE OF PUBLIC HEARING - CITY OF AMES - PROPOSED PROPERTY TAX LEVY  
Fiscal Year July 1, 2023 - June 30, 2024**

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

**Meeting Date:** 4/11/2023 **Meeting Time:** 06:00 PM **Meeting Location:** City Hall Council Chambers 515 Clark St Ames, IA

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After adoption of the proposed tax levy, the City Council will publish notice and hold a hearing on the proposed city budget.

City Website (if available)  
www.cityofames.org

City Telephone Number  
(515) 239-5113

	<b>Current Year Certified Property Tax 2022 - 2023</b>	<b>Budget Year Effective Property Tax 2023 - 2024</b>	<b>Budget Year Proposed Maximum Property Tax 2023 - 2024</b>	<b>Annual % CHG</b>
Regular Taxable Valuation	3,399,701,391	3,406,697,589	3,406,697,589	
Tax Levies:				
Regular General	18,744,553	18,744,553	21,603,178	
Contract for Use of Bridge			0	
Opr & Maint Publicly Owned Transit	2,034,090	2,034,090	2,062,823	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.			0	
Opr & Maint of City-Owned Civic Center			0	
Planning a Sanitary Disposal Project			0	
Liability, Property & Self-Insurance Costs			0	
Support of Local Emer. Mgmt. Commission			0	
Emergency			0	
Police & Fire Retirement	2,187,255	2,187,255	0	
FICA & IPERS			0	
Other Employee Benefits			0	
<b>Total Tax Levy</b>	22,965,898	22,965,898	23,666,001	3.04
<b>Tax Rate</b>	6.75527	6.74140	6.94690	

**Explanation of significant increases in the budget:**

The primary reasons for increases in the budget include increased employee salary and benefits costs.

**If applicable, the above notice also available online at:**

The official website of the City of Ames is [www.cityofames.org/finance](http://www.cityofames.org/finance); the official Facebook page of the City of Ames is: [www.facebook.com/cityofames](http://www.facebook.com/cityofames); the official Twitter page of the City of Ames is: [www.Twitter.com/cityofames](http://www.Twitter.com/cityofames).

\*Total city tax rate will also include voted general fund levy, debt service levy, and capital improvement reserve levy.

\*\*Budget year effective property tax rate is the rate that would be assessed for these levies if the dollars requested is not changed in the coming budget year



**NOTICE OF PUBLIC HEARING -- PROPOSED BUDGET**

Fiscal Year July 1, 2023 - June 30, 2024

City of: AMES

The City Council will conduct a public hearing on the proposed Budget at: City Hall Council Chambers 515 Clark St. Ames, IA Meeting Date: 4/25/2023 Meeting Time: 06:00 PM

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of, any part of the proposed budget. This notice represents a summary of the supporting detail of revenues and expenditures on file with the City Clerk and County Auditor.

City budgets are subject to protest. If protest petition requirements are met, the State Appeal Board will hold a local hearing. For more information, consult <https://dom.iowa.gov/local-budget-appeals>.

The Budget Estimate Summary of proposed receipts and expenditures is shown below. Copies of the the detailed proposed Budget may be obtained or viewed at the offices of the Mayor, City Clerk, and at the Library.

The estimated Total tax levy rate per \$1000 valuation on regular property	10.20097
The estimated tax levy rate per \$1000 valuation on Agricultural land is	3.00374

At the public hearing, any resident or taxpayer may present objections to, or arguments in favor of, any part of the proposed budget.

Phone Number  
(515) 239-5113

City Clerk/Finance Officer's NAME  
Corey Goodenow, Director of Finance

		Budget FY 2024	Re-estimated FY 2023	Actual FY 2022
<b>Revenues &amp; Other Financing Sources</b>				
Taxes Levied on Property	1	34,748,203	33,526,132	31,805,581
Less: Uncollected Property Taxes--Levy Year	2	0	0	0
<b>Net Current Property Taxes</b>	3	34,748,203	33,526,132	31,805,581
Delinquent Property Taxes	4	0	0	356
TIF Revenues	5	386,876	1,336,440	1,874,167
Other City Taxes	6	12,801,747	13,215,351	13,891,196
Licenses & Permits	7	1,636,190	1,636,190	1,219,979
Use of Money and Property	8	13,252,288	20,301,389	-40,459,165
Intergovernmental	9	43,702,621	60,900,723	56,805,081
Charges for Fees & Service	10	333,854,261	336,126,650	320,790,467
Special Assessments	11	227,104	236,763	250,102
Miscellaneous	12	4,594,166	4,375,598	3,050,302
Other Financing Sources	13	18,903,897	45,006,386	25,079,879
Transfers In	14	18,049,564	21,284,079	21,920,754
<b>Total Revenues and Other Sources</b>	15	482,156,917	537,945,701	436,228,699
<b>Expenditures &amp; Other Financing Uses</b>				
Public Safety	16	22,512,142	21,459,496	19,670,023
Public Works	17	8,387,469	8,208,440	7,587,030
Health and Social Services	18	1,878,514	1,773,198	1,634,714
Culture and Recreation	19	10,478,969	10,115,921	9,369,981
Community and Economic Development	20	4,505,175	9,688,346	4,201,066
General Government	21	3,842,069	4,406,648	3,336,782
Debt Service	22	12,979,018	12,358,322	22,928,879
Capital Projects	23	30,462,733	74,501,677	17,915,789
<b>Total Government Activities Expenditures</b>	24	95,046,089	142,512,048	86,644,264
Business Type / Enterprises	25	362,826,390	402,238,763	318,789,502
<b>Total ALL Expenditures</b>	26	457,872,479	544,750,811	405,433,766
Transfers Out	27	18,049,564	21,284,079	21,920,754
Total ALL Expenditures/Transfers Out	28	475,922,043	566,034,890	427,354,520
<b>Excess Revenues &amp; Other Sources Over (Under) Expenditures/Transfers Out</b>	29	6,234,874	-28,089,189	8,874,179
Beginning Fund Balance July 1	30	910,668,885	938,758,074	929,883,895
<b>Ending Fund Balance June 30</b>	31	916,903,759	910,668,885	938,758,074