



## MEMO

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TO: The Mayor and City Council

FROM: Jim Sanders, City Administrator  
Teresa Rotschafer, Finance Director

DATE: January 31, 2020

RE: Information for the February 4<sup>th</sup> Council Meeting on the FY21 budget

As a follow-up to the January 21st work session, staff has made the following adjustments to the FY21 preliminary budget as directed by the city council.

- After the work session it was discovered there was funding for an additional police officer inadvertently included in the preliminary budget. The funding for this position was removed from the preliminary budget, leaving only the funding for the proposed police officer which is a decision package recommendation.
- In the preliminary budget there was a balance of 27% in the general fund reserve. In an effort to reduce the reserve to 25%, staff calculated the dollar value of the decision packages proposed for funding from the general fund reserve (one-time expenditures) and determined the amount of dollars left in the reserve in excess of 25%. The funds (\$168,568) were used to decrease the property tax rate. A total of \$408,429 of the general fund reserve was used in the FY21 preliminary budget.
- The property tax levy was decreased by using Local Option Sales and Services Tax (LOSST). The levy was lowered by \$1.21729, using 65% of the anticipated LOSST funds.
- Attached is an updated decision package spreadsheet (exhibit A). The spreadsheet was updated based on discussion at the January 21<sup>st</sup> work session. The decision packages proposed for funding and included in the preliminary budget are:
  - Personnel-General Fund; items 1-5.
  - Equipment and Services – General Fund; items 8 – 18 and item 22.  
Item 10 was reduced to \$75,000; item 11 was changed to a one-time expenditure; items 13-15 were incorporated into the operating budget as on-going expenditures; item 22 was added as a result of the work session discussion. Item 21 was not included in the preliminary budget as there was no clear direction from the city council. Staff continues to collect information regarding this proposal and will report at the February 4<sup>th</sup> work session.
  - Personnel – Other Funding Sources; items 23 & 24.
  - Equipment and services – Other Funding Sources; items 25 & 26.
- Attached is a graph (exhibit B) that shows the volatility of the property valuations over time.

- The preliminary budget includes the receipt of the commercial and industrial property tax replacement funds (estimated to be \$459,057).
- Funding of outside organizations. Below are the proposed funding levels for outside organizations as a result of the work session discussion:

Community Education – \$88,245 (1.35% increase above the current amount of \$87,073);

Greater Des Moines Partnership – \$5,590, same as the current year;

Johnston Chamber of Commerce – \$8,000, same as the current year;

Johnston Economic Development Corporation (JEDCO) – \$30,000, same as the current year;

Johnston Partnership for a Healthy Community – \$15,000, a \$3,184 increase

Johnston Arts Council (new request) - \$2,200

### Summary

- The preliminary property tax rate is \$10.63042, which is \$1.0187 lower than the current (FY20) property tax rate and \$0.02 lower than preliminary property tax rate discussed at the January 21st work session.
- The general operating fund reserve has a balance of 25% or \$3,740,592.
- Attached is an updated document (exhibits C & D) that shows the impact of the proposed property tax rate on residential and commercial properties with an assessed value of \$100,000.
- For ease in calculating the effect of decisions on the property tax levy, with the current taxable valuation, \$0.01 of property tax levy equates to approximately \$15,039.

### FY21 budget timeline:

- February 4, 2020 – Budget work session
- February 17, 2020 - City Council Orders notice of Maximum Property Tax Hearing and sets the date for a public hearing on the budget
- March 2, 2020 – Public hearing on Maximum Property Tax (requires a super majority of the city council to adopt)
- March 2, 2020 – City Council finalizes and adopts final operating budget and orders public hearing
- March 16, 2020 – Public hearing on the budget
- March 31, 2020 - Deadline to certify the budget to the county auditor

If you have any questions regarding the FY21 preliminary budget or this memo feel free to call or e-mail us in advance of the meeting. The more staff can be prepared to answer your questions, the more productive the meeting will be.