



City of Humboldt 07/08 Budget
Putting the Puzzle Pieces Together



City Finance

- Budget year is July 1 – June 30
- Work on the budget begins in late fall each year with the next years' budget due by March 15 to the county auditor (as required by law)
- Budget set from council priorities, giving the city authority to spend money
- Timeframe is very detailed by the state
- Provides for citizen oversight through public hearings, etc.



Property Tax Basis

- Property tax is based on a basic equation...
$$\frac{\text{Taxable Value} \times \text{Levy Rate}}{\text{Property Tax Revenue}}$$
- Property tax valuations vary by classifications
 - Residential
 - Commercial
 - Industrial
 - Agricultural
 - Utility



Rollback

- Rollback = property not taxed at its full value, only a percentage...
- Industrial- 100%
- Utility- 100%
- Commercial- 99.7312%
- Railroad- 99.7312%
- Ag- 90.1023%
- Residential- 44.0803%



Rollback

- Apartments
 - Classified as commercial, but some discussion to change to residential
 - Humboldt's situation
 - Over \$11.5 million in apartment valuation
 - Change in classification results in a reduction of nearly \$70,000 in revenue, of which \$48,500 is general fund revenue lost
 - As an illustration, this loss represents one police officer position or two years' worth of contribution toward a fire department truck replacement



Humboldt's Property Tax Base

	FY 1997-1998	FY 2007-2008	TEN YEAR
	ACTUAL	ACTUAL	GROWTH
ASSESSED VALUATION - 100%	121,848,399	197,311,960	61.93%
TAXABLE VALUATION	85,211,242	115,444,255	35.48%
RESIDENTIAL ROLL BACK %	0.588284	0.455596	-22.56%



City Revenues

- Potential for various sources
- Cities are restricted as to where and how revenues can be used
- Humboldt's sources of revenues come from:
 - Property taxes
 - Local option sales tax
 - Fees, fines & charges
 - Intergovernmental agreements
 - Grants
 - Interest



Humboldt's Revenues

- Operating revenues = \$6,042,556
- Financing revenues = \$7,040,000
 - For water plant construction through SRF
- Total revenues = \$13,082,556



Humboldt's Revenues

- Property taxes = $\$14.04088/\$1,000 = \$1,640,709$ in Fiscal Year 2007-08
 - Regular general levy = \$8.10
 - Transit levy = \$0.10529
 - Liability, property insurance levy = \$0.29451
 - Unified law enforcement levy = \$0.76893
 - Emergency levy = \$0.27000
 - FICA/IPERS levy = \$0.86418
 - Employee benefits levy = \$1.79642
 - Debt service levy = \$1.84155



Humboldt's Revenues

- General fund revenue sources include:
 - Property taxes = 61.9% of general fund revenue
 - Fees & fines = 16.6% of general fund revenue
 - Aquatic center admissions & concessions, traffic tickets, library fines, cemetery fees, building permit fees, animal control, hangar rent, etc.
 - Grants = 10.7% of general fund revenue
 - Interest on investments = 5.9% of general fund revenue
 - Intergovernmental agreements = 2.4% of general fund revenue
 - Fire protection, library and recreation
 - Donations & misc. = 1.4% of general fund revenue
 - Permits = 1.1% of general fund revenue



Humboldt's Revenues

- General Fund Revenues pay for:
 - 87.9% of culture & recreation budget
 - 79.7% of public safety budget
 - 76% of general government budget
 - 38.9% of public works budget
 - 8.6% of community & economic development budget
 - 0% of debt service budget, capital projects or proprietary budgets



Humboldt's Revenues

- Other revenue sources are:
 - Proprietary utilities charges for services
 - Local option sales tax
 - Road use tax funds
 - Cable television franchise fees
 - Grants
 - Tax Increment Financing
 - Interest on investments
 - Capital project financing (State Revolving Fund in 07/08)



City Expenditures

- Nine major functions for city expenditures:
 - Public Safety
 - Public Works
 - Health & Social Services
 - Culture & Recreation
 - Community & Economic Development
 - General Government
 - Debt Service
 - Capital Projects
 - Business Type Activities (utilities, proprietary funds)



Humboldt's Expenditures

- Operating expenditures = \$6,325,051
- Financing expenditures = \$7,040,000
 - For water plant construction through State Revolving Fund (SRF)
- Total expenditures = \$13,365,051



Humboldt's Expenditures

- All based on % of operating expenditures (less water plant construction)
 - Business Type Activities (utilities, proprietary funds) = 32.4%
 - Culture & Recreation = 17.7%
 - Public Works = 15.6%
 - Community & Economic Development = 10.5%
 - Public Safety = 10.3%
 - Capital Projects = 5.5%
 - General Government = 4.4%
 - Debt Service = 3.6%
 - Health & Social Services = 0%



Humboldt's Expenditures

- Wages, retirement (IPERS), FICA & Medicare, work comp, unemployment, etc. represent 29.2% of the total operating budget
- The ability to levy directly for employee benefits, such as IPERS, FICA & Medicare and health insurance is one that would greatly impact cities if it were ever restricted or removed



Proprietary Funds

- Proprietary Funds (water, sewer, etc.)
 - Operate as a “stand-alone” fund so that charges for services are sufficient to cover all expenses required to operate the utility
 - No special levies are utilized for proprietary funds (i.e. employee benefits, etc.)
 - Humboldt operates water, sanitary sewer and sanitation (garbage) utilities



Proprietary Funds

- Fees are associated directly with the needs of the utility
- Regulated by the state – mandates
 - Water plant
 - Wastewater plant
 - Compost site
 - Recycling



Proprietary Funds

- Proprietary funds' FY 07-08 revenues total \$2,243,939 (not including capital project)
- Proprietary funds' FY 07-08 expenditures total \$2,042,940 (not including capital project)
- Budgeting for construction of new water plant to begin in Spring 2008. Approximate cost = \$7 million to be funded with SRF
- Paying off SRF loan for waste water treatment plant constructed in 2000
Approximate cost = \$4.3 million



Proprietary Funds

- Wastewater Treatment Plant constructed in 2000
 - Customer rates increased 300% to cover construction costs
- Water Plant construction slated to begin Spring 2008
 - Customer rates will increase 45% to cover construction costs
- Both cases were the result of necessity due to requirements placed upon the city for operation and maintenance of the facilities
- The City of Humboldt was not eligible for any state and/or federal grants (CDBG, for example) to aid in the construction of either of the facilities



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Questions?

