

# *BUDGET HIGHLIGHTS*





## Budget Highlights



The City of Cedar Rapids budgets on a line item or object of expenditure level within each department to establish accountability for department operations. Budgetary results however, are measured on a total departmental basis. The City of Cedar Rapids revenues are budgeted conservatively and departments are expected to meet or exceed budgeted amounts.

### Expenditures

The overall FY 2017 expenditure budget is \$525M (net of transfers) which is an increase of \$12M from the FY 2016 budget of \$513M. The majority of the increase is related to personal services and debt service. The increase in discretionary is mainly a result of an adjustment between accounts from capital outlay to this category for 2008 flood recovery projects based on projected expenses. The chart below detail the change from FY 2016 to FY 2017 by major expenditure object.

Major Expenditure Object	FY 2016 Adopted Budget	FY 2017 Budget	Amount Change From FY 2016 Incr / (Decr)	% Change From FY 2016
Personal Services	132,614,456	138,148,006	5,533,551	4%
Discretionary Expenses	105,846,923	124,521,019	18,674,096	18%
Fleet & Facilities	14,894,187	15,685,176	790,990	5%
Non-Discretionary Expenses	37,827,881	35,181,136	(2,646,745)	-7%
Capital Outlay	172,196,550	159,656,366	(12,540,184)	-7%
Debt Service	49,800,309	52,219,040	2,418,731	5%
Transfers Out	132,068,471	125,844,111	(6,224,361)	-5%
<b>Total Expenditures</b>	<b>645,248,776</b>	<b>651,254,854</b>	<b>6,006,078</b>	<b>1%</b>
<b>Total Expenditures (Net of Transfers Out)</b>	<b>513,180,305</b>	<b>525,410,744</b>	<b>12,230,439</b>	<b>2%</b>

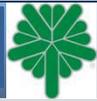
The chart below detail the expenditure budget change from FY 2016 to FY 2017 by fund type.

Fund	Excluding Transfers		Amount Change From FY 2016 Incr / (Decr)	% Change From FY 2016
	FY 2016 Adopted Expenditure Budget	FY 2017 Expenditure Budget		
Internal Service	\$ 50,304,549	\$ 51,442,869	\$ 1,138,320	2%
General	115,727,444	119,536,689	3,809,245	3%
Enterprise	196,088,984	205,460,261	9,371,277	5%
Capital Projects (Non-Flood)	56,786,694	58,888,245	2,101,551	4%
Capital Projects (Flood)	55,020,711	53,162,863	(1,857,848)	-3%
Special Revenue	18,189,133	14,638,248	(3,550,885)	-20%
Debt Service	20,696,088	21,829,014	1,132,926	5%
Trust & Agency	366,703	452,555	85,853	23%
<b>Total</b>	<b>\$ 513,180,305</b>	<b>\$ 525,410,744</b>	<b>\$ 12,230,439</b>	<b>2%</b>

\*Note the category "Capital Projects (Flood)" includes the 2008 flood recovery and the flood control capital project funds.



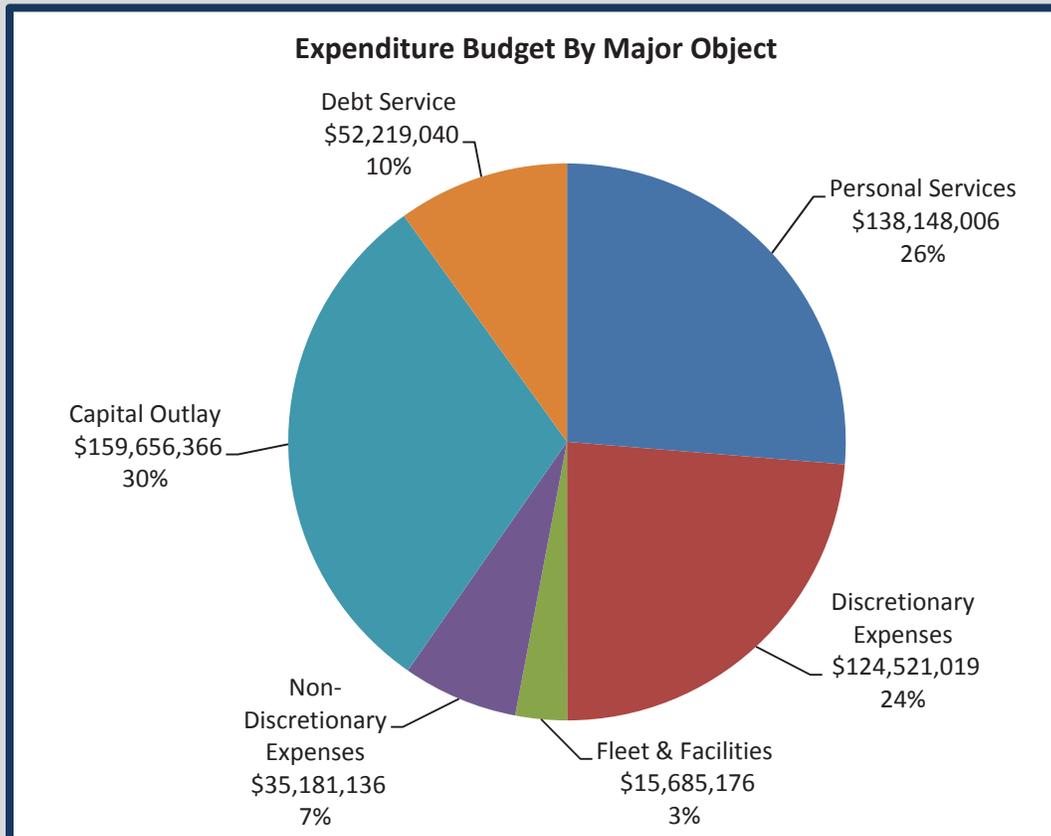
# Budget Highlights



The information below details the FY 2017 expenditure budget by fund type and major object of expenditure (net of transfers). Of the \$525M budgeted in FY 2017, 30% or \$160M is budgeted for capital outlay expenditures.

Fund	Personal Services	Discretionary Expenses	Fleet & Facilities	Non-Discretionary Expenses	Capital Outlay	Debt Service	Total Expenditure
Internal Service	\$ 10,138,535	\$ 29,293,377	\$ 374,652	\$ 6,348,313	\$ 5,287,991	\$ -	\$ 51,442,869
General	86,113,344	14,717,548	9,011,422	8,746,039	948,337	-	119,536,689
Enterprise	39,919,380	49,051,964	6,044,598	19,907,398	60,151,032	30,385,889	205,460,261
Capital Projects (Non-Flood)	-	650,000	101,238	-	58,137,007	-	58,888,245
Capital Projects (Flood)	375,983	17,654,881	-	-	35,131,999	-	53,162,863
Special Revenue	1,600,764	12,702,249	153,267	177,831	-	4,138	14,638,248
Debt Service	-	-	-	-	-	21,829,014	21,829,014
Trust & Agency	-	451,000	-	1,555	-	-	452,555
<b>Total</b>	<b>\$ 138,148,006</b>	<b>\$ 124,521,019</b>	<b>\$ 15,685,176</b>	<b>\$ 35,181,136</b>	<b>\$ 159,656,366</b>	<b>\$ 52,219,040</b>	<b>\$ 525,410,744</b>
<b>Percent of Total</b>	<b>26%</b>	<b>24%</b>	<b>3%</b>	<b>7%</b>	<b>30%</b>	<b>10%</b>	<b>100%</b>

\*Note the category "Capital Project Fund (Flood)" includes the 2008 flood recovery capital project fund and the growth reinvestment initiative capital project fund





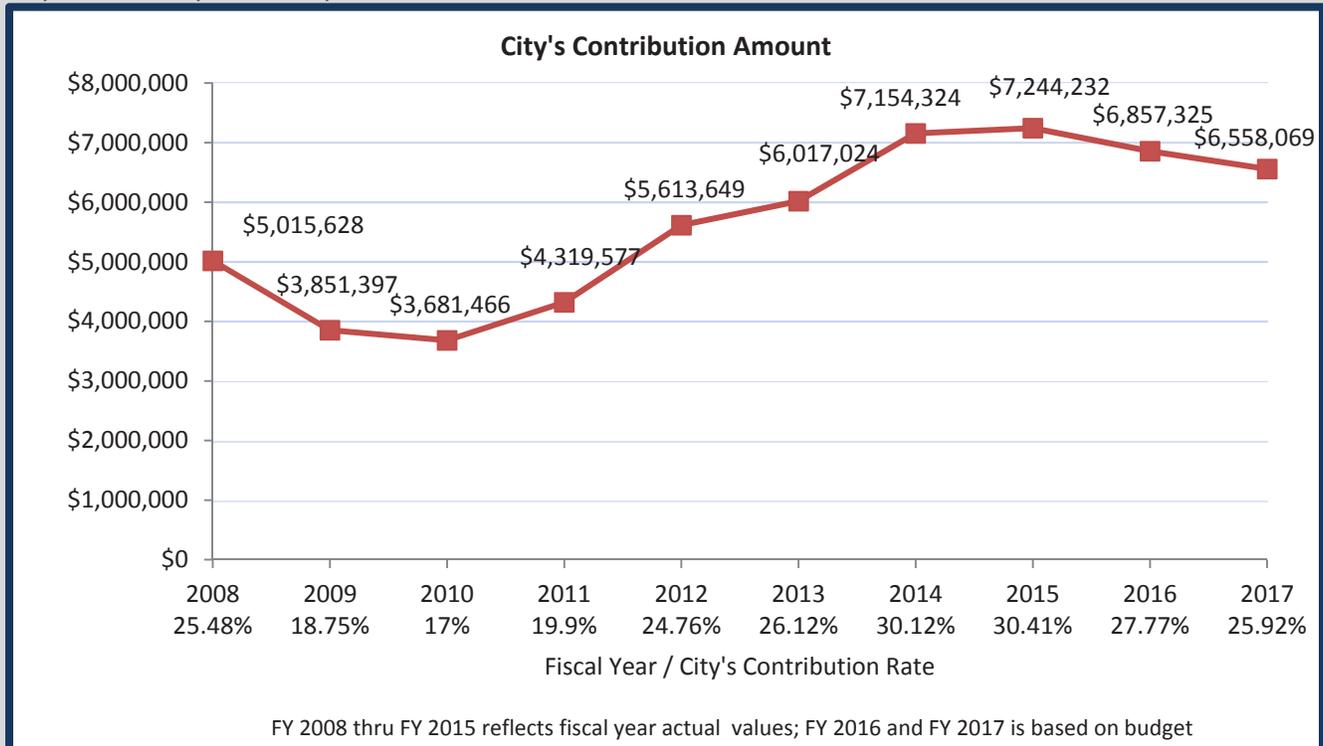
## Budget Highlights



### Personal Services

Personal service expenses are the salaries, wages, and benefits for full time equivalents (FTEs).

The personal services budget is increasing due to increases in wages and benefits. The Municipal Fire and Police Retirement System of Iowa (MFPRSI) Board of Trustees has determined the City's contribution rate, effective July 1, 2016, will be 25.92% which is a decrease of 1.85% from the FY 2016 rate of 27.77%. In FY 2017, \$6.6M is budgeted for MFPRSI expenses. Of this \$6.6M, \$4.3M is funded from the police and fire retirement property tax levy. The history of the City's contribution to MFPRSI is shown below.



Iowa Public Employees' Retirement System (IPERS) has determined the city's contribution rate effective July 1, 2016 will remain unchanged from the current rate of 8.93%.

Health fund expenses are increasing \$1.4M due to projected increases in health care costs. Health insurance premiums will increase 22% for the traditional plan. Premiums for choice plans will remain the same. Workers compensation costs are increasing \$1M mainly due to claim costs and actuary adjustments.

As of the printing of this document, bargaining units were in negotiations. As a result detail of personal services has been excluded from the document.

### Discretionary Expenses

Discretionary non-personal service expenses are considered controllable by city departments (i.e. office supplies, training, etc.). Changes to this category are outlined by department for each fund in subsequent sections of this book.

### Fleet and Facilities

Fleet and facility expenses mainly relate to the internal cost of services provided by Fleet Services and Facility Maintenance.



## Budget Highlights



The Facility Maintenance budget was built based on FY 2015 actual service levels, supplies, and materials with adjustments for FY 2017 anticipated levels. Technician rates are increasing due to personal service increases. City Hall building rental will decrease due to a decrease in property insurance expenses and more efficient equipment that will require fewer technician hours. City Services building rental will increase due to an increase in expenses to maintain the grounds/facility due to the design of the building and due to the building requiring more maintenance/technician hours to maintain the facility.

The Fleet Services budget was built based on FY 2015 actual service levels, supplies, and materials with adjustments for FY 2017 anticipated levels. The mechanic rate is increasing due to lowering the annual billable hours in their rate model to account for employees on light duty based on historical trends. \$4.7M is budgeted for vehicle and equipment replacement needs. Of this amount \$2.3M will be spent on general fund vehicles and equipment, \$2.4M on enterprise fund vehicles and equipment, and \$45K on internal service fund equipment. Funding will come from lease charges and contributions.

### **Non-Discretionary Expenses**

Non-discretionary expenses are considered not fully controllable by city departments as they are subject to external or economic factors (i.e. fuel, electricity, etc.).

The FY 2017 fuel expenditure budget was established in October 2015 based on the projection of fuel costing \$2.45/gallon for gasoline and \$2.70/gallon for diesel. These rates were based on actual costs over the past year and projections. The City's overall Fleet purchase of fuel will see a budget reduction of \$968K.

### **Capital Outlay**

Capital outlay is capital assets such as land, buildings and structures, and improvements other than buildings that include infrastructure, construction in progress, and machinery and equipment. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 that have an estimated useful life in excess of two years.

In FY 2017, capital outlay expenditures are decreasing \$12.5M from the FY 2016 budget of \$172M. The decrease is mainly a result of an adjustment between accounts from capital outlay to discretionary expenses for 2008 flood recovery projects based on projected expenses.

### **Debt Service**

Debt service includes the payment of principal, interest, and related costs for debt. Debt service expenses are detailed in debt service funds.

### **Transfers Out**

In order for the City to comply with Iowa law, local ordinances, or for expedience, it is sometimes necessary to transfer revenues and expenditures from one fund/department to another. Transferring cash out of a fund is considered a transfer out.

In FY 2017, overall transfers out decreased \$6M mainly due to 2008 flood projects coming to a completion as in prior years transfers were budgeted for moving flood local option sales tax revenue to uses relating to matching funds for federal flood dollars to assist with flood recovery or flood protection.

### **Special Comment**

In order to avoid repeat commentary, throughout this document several expenditure changes are the result of the following and are not specifically noted in the department or fund summary of budget changes as almost all departments are affected by one or more of these changes:



## Budget Highlights



- Adjustments to personal services for wage and step increases, employee health insurance plan changes, workers compensation, social security contributions, Iowa Public Employees' Retirement System (IPERS) contributions, Municipal Fire and Police Retirement System of Iowa (MFPRSI) contributions, other retirement plan contributions, and special pays.
- Non-discretionary expense changes of property, liability, and vehicle insurance, fleet maintenance and fleet lease charges, facility maintenance and rental, electricity, natural gas, other internal charges, and fuel.
- Various adjustments between accounts to reflect where actual costs are anticipated.

### Revenues

The overall FY 2017 revenue budget is \$525M which is an increase of \$12M from the FY 2016 budget of \$513M. The key increases relate to charges for services, taxes, and franchise fees. The chart below details the change from FY 2016 to FY 2017 by major revenue source.

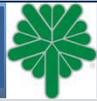
Major Revenue Source	FY 2016 Adopted Budget	FY 2017 Budget	Amount Change From FY 2016 Incr / (Decr)	% Change From FY 2016
<b>Taxes</b>	138,237,273	142,527,550	4,290,277	3%
<b>Licenses &amp; Permits</b>	2,438,814	2,478,009	39,195	2%
<b>Intergovernmental Grants</b>	83,934,773	81,500,679	(2,434,094)	-3%
<b>Charges for Services</b>	163,442,762	170,371,920	6,929,158	4%
<b>Fines &amp; Forfeits</b>	5,537,298	5,533,223	(4,075)	0%
<b>Proceeds of Long Term Liabilities</b>	44,034,000	40,563,311	(3,470,689)	-8%
<b>Other Revenue</b>	49,590,360	53,143,226	3,552,866	7%
<b>Transfers In</b>	132,068,471	125,844,111	(6,224,361)	-5%
<b>Total Revenues</b>	619,283,752	621,962,028	2,678,277	0%
<b>Change in Fund Balance</b>	(106,103,447)	(96,551,285)	(9,552,162)	9%
<b>Total Revenues With Change in Fund Balance</b>	513,180,305	525,410,744	12,230,439	2%

The chart below details the FY 2017 revenue budget by fund type and major object of revenue source. As the chart indicates below, 32% or \$170M of revenue is from charges for services. Taxes are the next largest revenue source at 27% or \$143M. The third largest category is intergovernmental grants at 16% or \$82M.

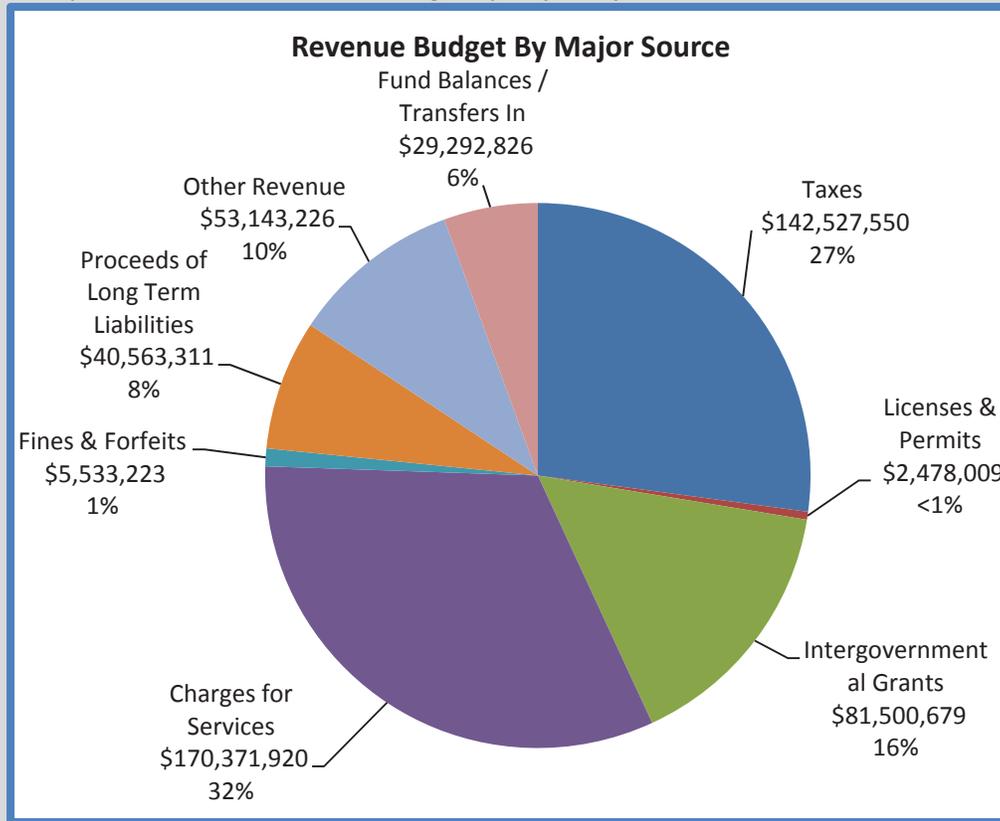
Fund	Taxes	Licenses & Permits	Intergovernmental Grants	Charges for Services	Fines & Forfeits	Proceeds of Long Term Liabilities	Other Revenue	Fund Balances / Transfers In	Total
Internal Service	\$ -	\$ -	\$ -	\$ 23,314,053	\$ -	\$ -	\$ 28,680,753	\$ (551,937)	\$ 51,442,869
General	60,189,222	2,448,309	2,274,627	14,433,811	5,533,223	-	2,368,332	\$ 32,289,165	\$ 119,536,689
Enterprise	4,857,329	4,700	8,822,210	132,615,169	-	26,565,375	19,611,150	\$ 12,984,328	\$ 205,460,261
Capital Projects (Non-Flood)	-	-	10,997,300	-	-	12,997,936	1,300,000	\$ 33,593,009	\$ 58,888,245
Capital Projects (Flood)	-	-	34,943,439	-	-	1,000,000	-	\$ 17,219,424	\$ 53,162,863
Special Revenue	40,960,754	25,000	22,986,097	8,887	-	-	895,601	\$ (50,238,090)	\$ 14,638,248
Debt Service	16,943,624	-	668,839	-	-	-	279,260	\$ 3,937,291	\$ 21,829,014
Trust & Agency	19,576,621	-	808,168	-	-	-	8,130	\$ (19,940,364)	\$ 452,555
<b>Total</b>	<b>\$ 142,527,550</b>	<b>\$ 2,478,009</b>	<b>\$ 81,500,679</b>	<b>\$ 170,371,920</b>	<b>\$ 5,533,223</b>	<b>\$ 40,563,311</b>	<b>\$ 53,143,226</b>	<b>\$ 29,292,826</b>	<b>\$ 525,410,744</b>
<b>Percent of Total</b>	27%	0%	16%	32%	1%	8%	10%	6%	100%



## Budget Highlights



The chart below depicts the FY 2017 revenue budget by major object of revenue source.



### **Charges for Services (Largest Budgeted Revenue Source – 32%)**

Charges for services include charges to internal and external users for the services provided. The charges are based on the cost for providing the service.

In FY 2017, 32% or \$170M of the revenue budget for the City relates to charges for services. The largest charges for service revenue sources include:

- \$52M – Waste water service charge and volumetric revenue, special waste water revenue, and contractual waste water revenue
- \$34M – Internal charges for services between departments such as risk charges, funding for Joint Communications, fleet lease and maintenance charges, facilities charges, Finance and Information Technology Department charges, and internal staff time charges to capital improvement projects
- \$32M – Water service charge and volumetric revenue
- \$11M – Solid waste and recycling fees

Compared to FY 2016, charges for services revenue is increasing \$6.9M to \$170M. The main reason for this increase relates to utility user charges for services provided.

Utility Departments determined their operating charges for service revenue based on operating, debt, and capital needs and direction for allowable rate increases.

- Water Department revenue increased due to service charge and volumetric rate increases. The rate increase is associated with project expenditures relating to the paving for progress program.
- Water Pollution Control Department revenue increased due to service charge, volumetric, industrial, and contributing city rate increases to recoup the cost of services provided.



## Budget Highlights



- Sanitary Sewer Department revenue increased due to rate increases for waste water service and volumetric charges to fund sanitary sewer projects. Storm sewer revenue increased due to rate increases and will be used to fund storm sewer projects.
- Solid Waste & Recycling revenue increased due to a residential rate increase to recoup the cost of services provided.

In regard to utilities, residential utility billings will increase 5.1% which is an increase of \$50.76 annually for the typical residential customer defined as a household that uses 10 units of water and 10 units of sewer. 1 unit is equivalent to 100 cubic feet or 748 gallons.

General fund and internal service departments used rate models to determine their rates to recoup the cost of the services provided. The increases for risk charges were determined by the Finance Department after reviewing costs, recent claim trends, and /or projected medical claim costs due to a change in the City's third party administrator.

### **Taxes (Second Largest Budgeted Revenue Source – 27%)**

Taxes include property tax on residential, industrial, and commercial property; along with local option sales tax, hotel-motel tax, and franchise fees.

In FY 2017, \$143M is budgeted for taxes. The budget includes the following revenue sources:

- Property tax revenue – \$93M
- SSMID property tax revenue (Downtown District) – \$241K
- SSMID property tax revenue (Medical District) – \$215K
- SSMID property tax revenue (Czech Village/New Bo) – \$12K
- Tax increment property tax revenue – \$10.1M
- 1% streets local option sales tax revenue – \$18M
- Growth reinvestment initiative revenue – \$9M
- Hotel motel tax revenue – \$3.3M
- Franchise fee (cable, electric, gas) revenue – \$9.3M

Compared to FY 2016, revenue in the category of taxes increased \$4.3M from \$138M. Overall property tax revenue increased \$523K due to increased residential and industrial taxable valuations. TIF property tax revenue decreased \$241K as less revenue will be needed to fund obligations in FY 2017. Growth reinvestment initiative revenue increased \$1.3M and hotel motel tax revenue increased \$359K. Franchise fee revenue is increasing \$2.3M to \$9.3M. The budget includes an increase of 1% to 3% in the gas franchise fee and an increase of 1% to 3% in the utility franchise fee. The cable franchise fee will remain unchanged at 5%.

The property tax revenue budget is based on property valuations, the rollback, and the property tax levies. The franchise fee budget was built based on historical levels and projections. The budgets for local options sales tax and hotel motel tax were built based on recent historical information and a strong local economy. Growth reinvestment initiative revenue budget is based on the agreement with the state.

FY 2017 is year 3 for budgeting local option sales tax funds for the paving for progress program. It is estimated the City will generate \$200M of revenue over a ten year period. The City began receiving this revenue in FY 2015. During FY 2015, \$14.7M was used to fund eligible expenses that repaired 9.6 miles.

FY 2017 is also year 3 for budgeting growth reinvestment initiative revenue for the flood control system. This is a twenty year program that is estimated to generate \$263M towards the City's \$570.4M flood protection plan. During FY 2015, \$6.8M of growth reinvestment revenue funded eligible expenses.



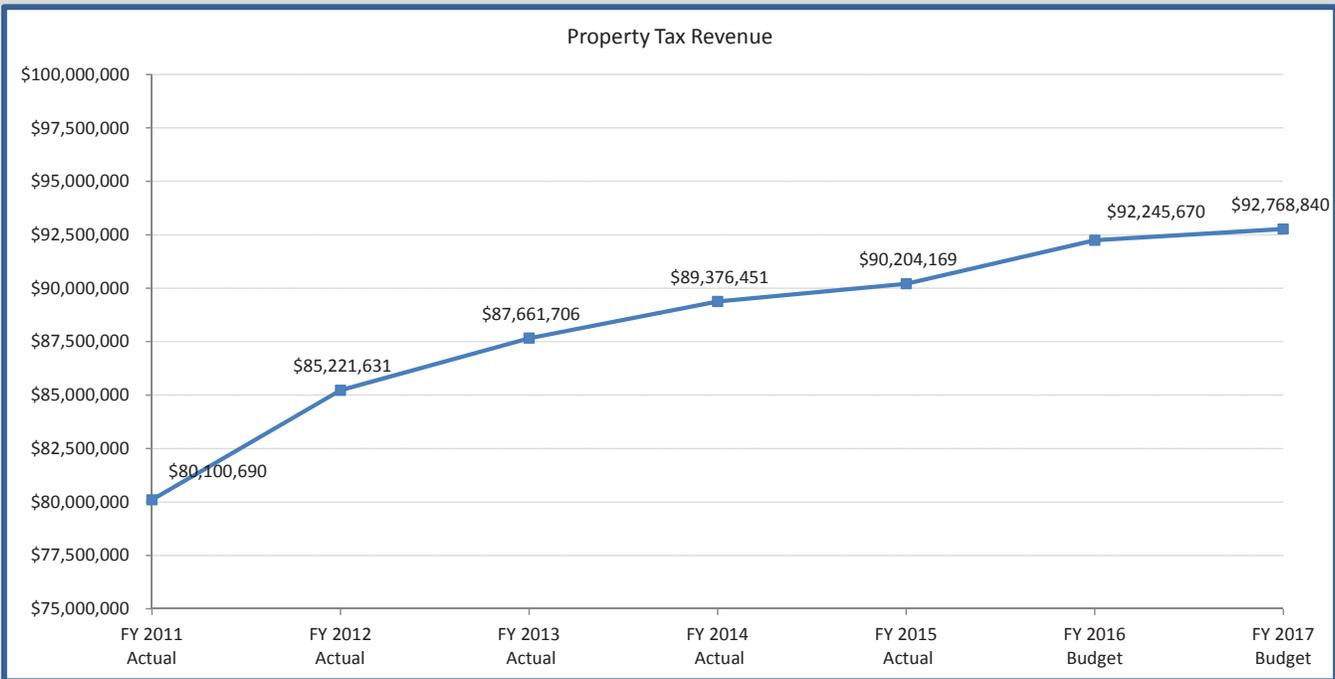
# Budget Highlights



Below is a history of franchise, hotel motel, and local option sales tax revenue.



Below is a history of property tax revenue including revenue from self-supported municipal improvement districts.





## Budget Highlights

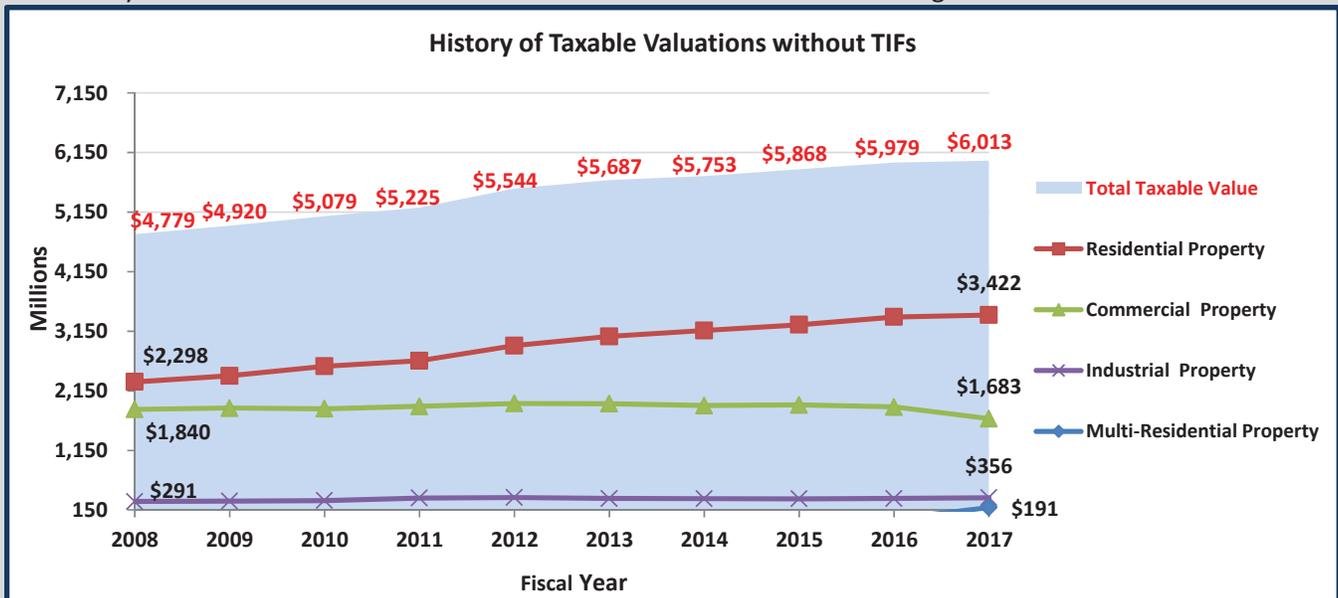


The January 1, 2015, property valuation serves as the basis for calculating property taxes in FY 2017. As of January 1, 2015, property tax valuations increased 0.56% to \$6.01 billion, which is an increase of \$34M from FY 2016 (or the January 1, 2014 property valuation). Residential valuations increased \$33M and industrial valuations increased \$12M. In calendar 2013 the State passed a property tax reform bill that moved a percentage of property from the commercial classification to a new multi-residential classification. The FY 2017 valuation for multi-residential is \$191M and \$1.68 billion for commercial. The main reason taxable valuations increased is an increase in residential and industrial property valuations. Changes in state rollbacks contributed to limiting the increase in valuations. The taxable valuation change (without TIFs) by property type is detailed below.

Property Type	FY 2016 Valuation as of Jan. 1, 2014	FY 2017 Valuation as of Jan. 1, 2015	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
<b>Real Property</b>				
Residential	\$ 3,389,017,764	\$ 3,422,048,656	\$ 33,030,892	0.97%
Multi-Residential*	\$ -	\$ 190,841,651	\$ 190,841,651	--
Commercial	1,879,822,511	1,682,626,246	\$ (197,196,265)	-10.49%
Industrial	343,628,214	355,914,079	\$ 12,285,865	3.58%
<b>Total Real Property</b>	<b>\$ 5,612,468,489</b>	<b>\$ 5,651,430,632</b>	<b>\$ 38,962,143</b>	<b>0.69%</b>
Utilities	377,407,461	371,694,032	\$ (5,713,429)	-1.51%
<b>Total</b>	<b>\$ 5,989,875,950</b>	<b>\$ 6,023,124,664</b>	<b>\$ 33,248,714</b>	<b>0.56%</b>
Less: Military Exemptions	(11,022,548)	(10,611,682)	\$ 410,866	-3.73%
<b>Net Valuation</b>	<b>\$ 5,978,853,402</b>	<b>\$ 6,012,512,982</b>	<b>\$ 33,659,580</b>	<b>0.56%</b>

\*Multi-residential property is a new category in FY 2017; in FY 2016 multi-residential property was considered commercial property

The history of the taxable valuation without TIFs is summarized in the following chart.





## Budget Highlights



The FY 2017 valuation with TIFs is \$9.96 billion which is an increase of 1.59% or \$156.2M from FY 2016.

Property Type	FY 2016 Valuation as of Jan. 1, 2014	FY 2017 Valuation as of Jan. 1, 2015	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
<b>Real Property</b>				
Residential	\$ 6,241,138,553	\$ 6,299,586,512	\$ 58,447,959	0.94%
Multi-Residential*		\$ 233,832,392	\$ 233,832,392	--
Commerical	2,290,216,806	2,063,976,286	\$ (226,240,520)	-9.88%
Industrial	410,959,828	426,072,300	\$ 15,112,472	3.68%
<b>Total Real Property</b>	<b>\$ 8,942,315,187</b>	<b>\$ 9,023,467,490</b>	<b>\$ 81,152,303</b>	<b>0.91%</b>
Utilities	872,221,010	946,896,335	\$ 74,675,325	8.56%
<b>Assessed Total</b>	<b>\$ 9,814,536,197</b>	<b>\$ 9,970,363,825</b>	<b>\$ 155,827,628</b>	<b>1.59%</b>
Less: Military Exemptions	(11,022,548)	(10,611,682)	\$ 410,866	-3.73%
<b>Net Assessed Valuation</b>	<b>\$ 9,803,513,649</b>	<b>\$ 9,959,752,143</b>	<b>\$ 156,238,494</b>	<b>1.59%</b>

\*Multi-residential property is a new category in FY 2017; in FY 2016 multi-residential property was considered commercial property

The history of the taxable value and estimated actual value of assessed property is shown below.

Assessed Value and Estimated Actual Value of Taxable Property										
Fiscal Year	Residential Property	Commercial Property	Multi-Residential Property	Industrial Property	Utilities	Military Exemptions	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Assessed Value
2008	2,298,223,104	1,839,730,231	-	291,308,103	364,350,089	(14,365,036)	4,779,246,491	1.17%	14.62	8,145,012,910
2009	2,401,189,312	1,861,300,332	-	299,862,706	371,367,099	(14,054,086)	4,919,665,363	2.94%	15.07	8,505,937,610
2010	2,562,190,937	1,849,166,324	-	308,831,292	372,569,883	(13,760,822)	5,078,997,614	3.24%	15.22	8,688,530,667
2011	2,653,167,342	1,888,668,264	-	349,974,941	346,577,736	(13,435,611)	5,224,952,672	2.87%	15.22	8,694,897,052
2012	2,906,858,541	1,938,181,514	-	358,896,829	352,988,808	(12,983,631)	5,543,942,061	6.11%	15.22	9,070,712,901
2013	3,061,718,477	1,932,330,198	-	343,941,582	361,666,911	(12,511,278)	5,687,145,890	2.58%	15.22	9,263,354,893
2014	3,161,515,932	1,901,539,361	-	338,746,938	363,469,257	(12,080,596)	5,753,190,892	1.16%	15.22	9,347,805,591
2015	3,257,825,201	1,911,645,041	-	335,787,697	374,326,371	(11,726,864)	5,867,857,446	1.99%	15.22	9,635,493,397
2016	3,389,017,764	1,879,822,511	-	343,628,214	377,407,461	(11,022,548)	5,978,853,402	1.89%	15.22	9,803,513,649
2017	3,422,048,656	1,682,626,246	190,841,651	355,914,079	371,694,032	(10,611,682)	6,012,512,982	0.56%	15.22	9,959,752,143

\*\*Multi-residential property in FY 2016 was considered commercial property

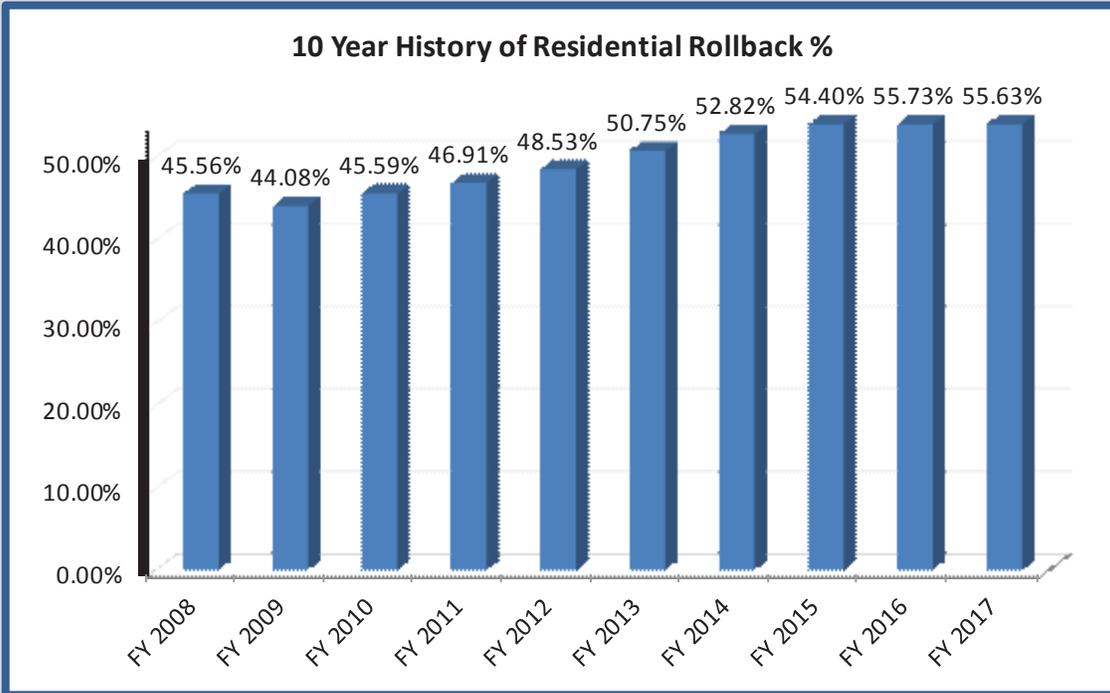


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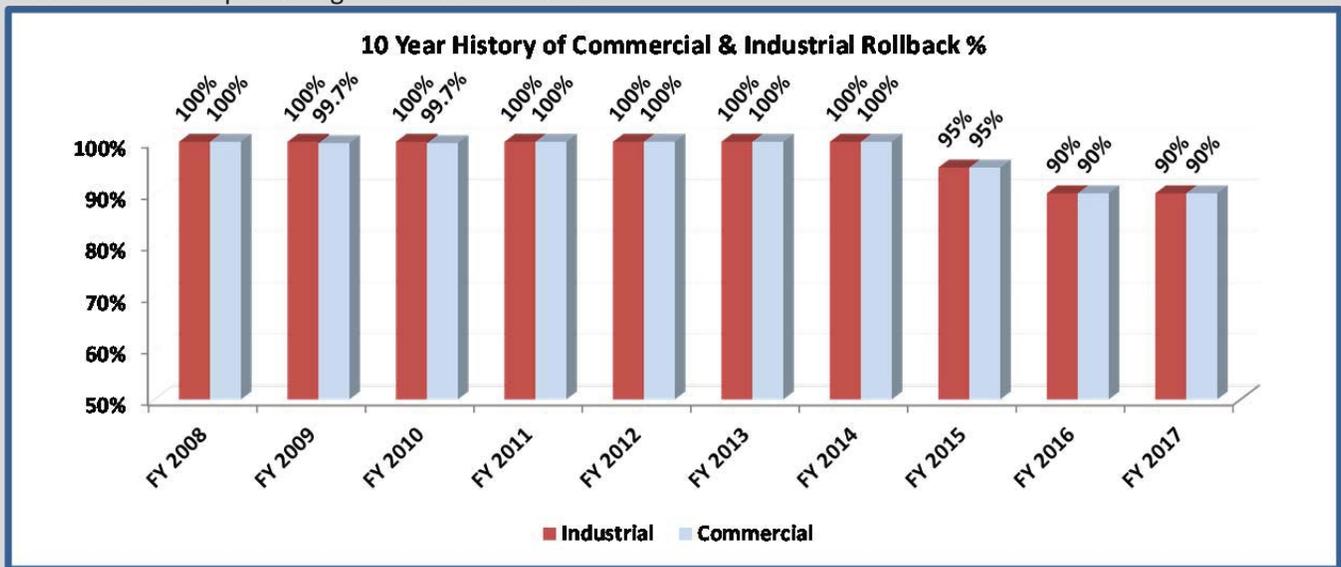


From 1978 – June 2014, residential property was subject to an assessment limitation order, or “rollback” that limited the amount of annual growth in property tax values to 4%. Since FY 2015, residential and agricultural property value growth has been capped at 3% or whichever is lowest between these two classes.

The rollback applied to residential property for FY 2017 set by the Iowa Department of Revenue is 55.6259% of estimated value, which is an decrease of .1076% over the FY 2016 amount of 55.7335%. The 10 year history of the residential rollback percentage is detailed below.



In FY 2014, commercial and industrial property were taxed at 100% of property value. For FY 2015, commercial, industrial, and railroad property were rolled back and taxed at 95% of property value. Since FY 2016 these classes have been rolled back and taxed at 90% of property value. The 10 year history of the commercial and industrial rollback percentages are detailed below.

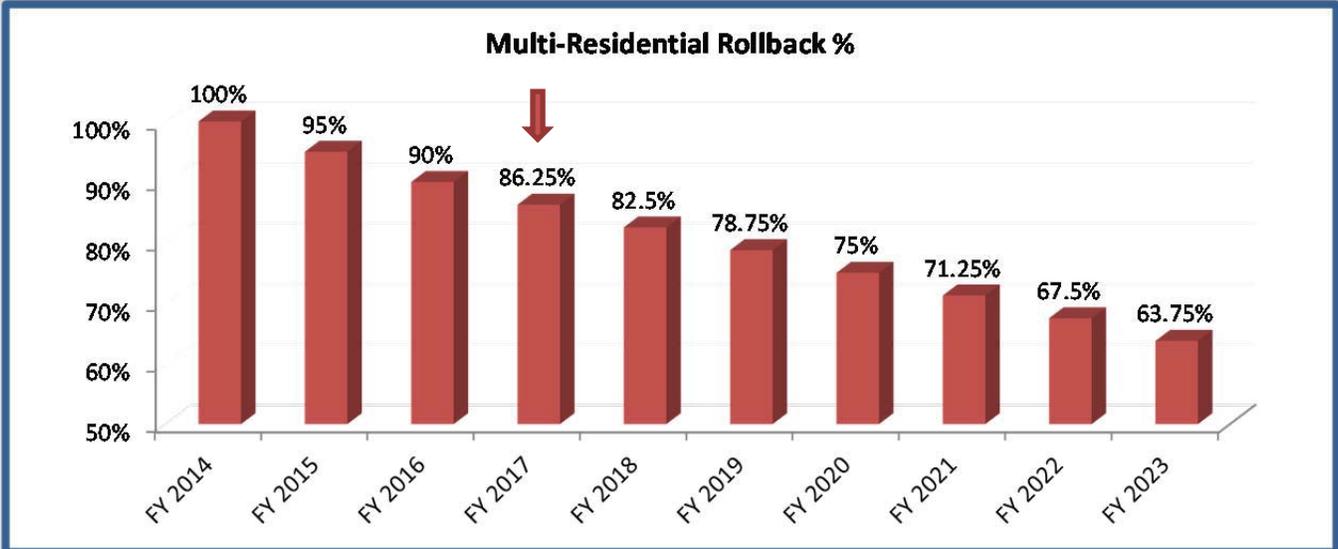




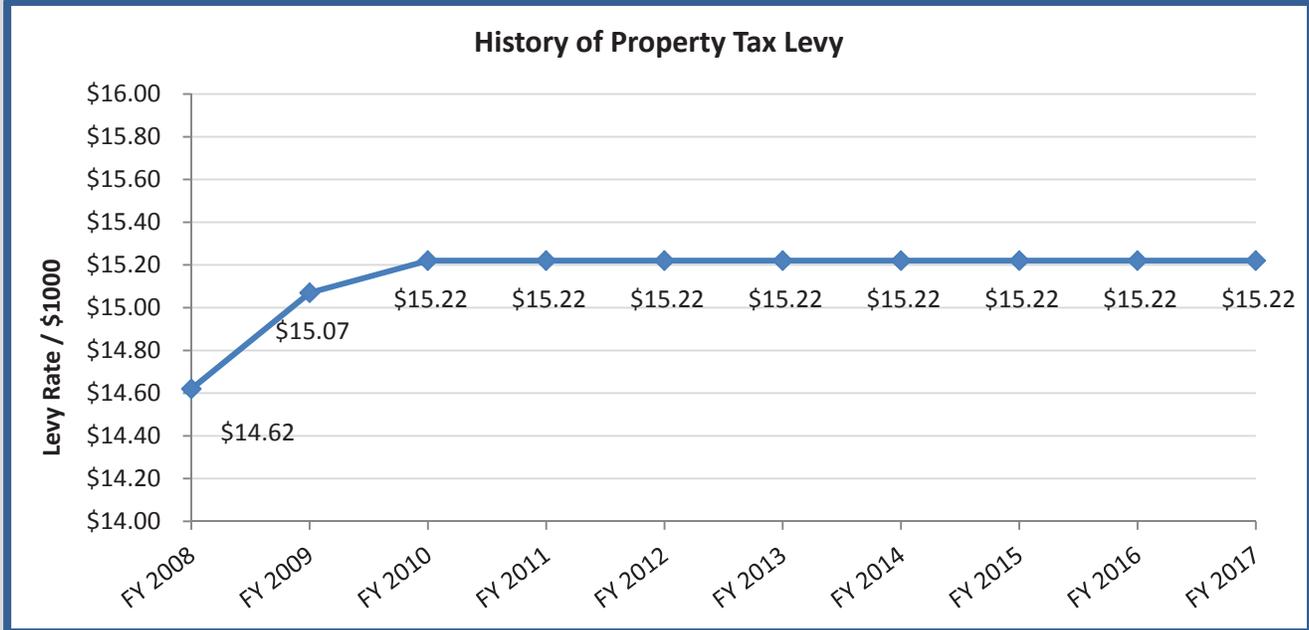
## Budget Highlights



In calendar 2013, the State passed a property tax reform bill that moved a percentage of property from the commercial classification to a multi-residential classification. Starting in FY 2017, over an 8 year period the multi-residential classification will shift to the residential classification and rollback value. In FY 2017, multi-residential properties will be taxed at 86.25% of property value. In FY 2024, these properties will have the same rollback percentage as residential properties. The state's historical and planned rollback value is outlined below.

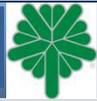


In FY 2017, the total property tax levy rate will remain unchanged at \$15.21621/\$1000 of taxable valuation. This represents the 8th consecutive fiscal year the City's property tax levy rate will remain the same. A history of the City of Cedar Rapids' property tax levy is detailed below.





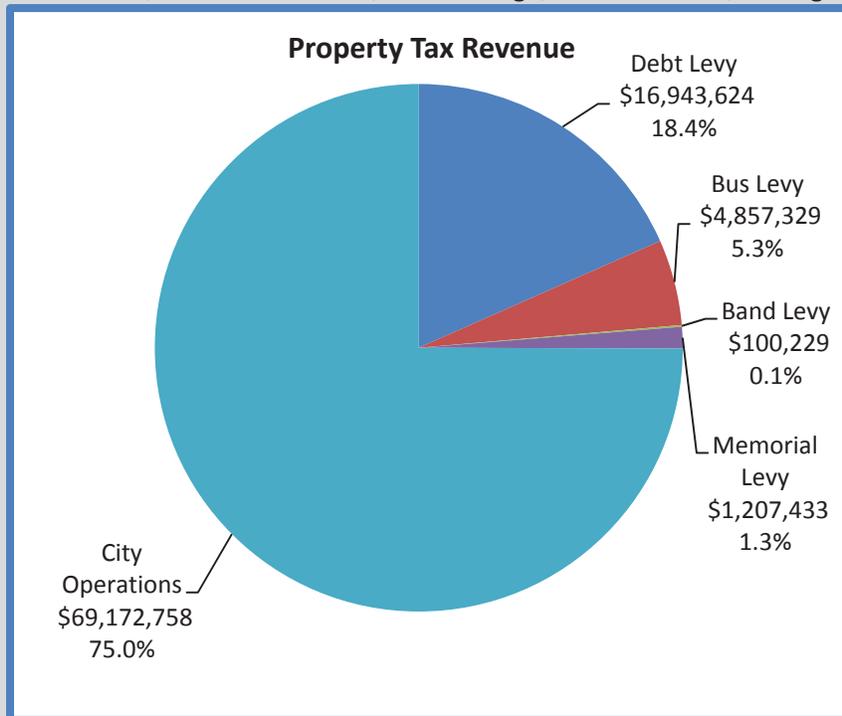
# Budget Highlights



The City of Cedar Rapids levies are outlined below.

Levy	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Change
General 8.10	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ -
Transit	\$ 0.80787	\$ 0.80787	\$ 0.80787	\$ 0.80787	\$ 0.80787	\$ -
Liability, property, & self insurance	\$ 0.14882	\$ 0.14882	\$ 0.14882	\$ 0.14882	\$ 0.14882	\$ -
Band	\$ 0.01667	\$ 0.01667	\$ 0.01667	\$ 0.01667	\$ 0.01667	\$ -
Memorial building	\$ 0.20082	\$ 0.20082	\$ 0.20082	\$ 0.20082	\$ 0.20082	\$ -
Public Library	\$ 0.04000	\$ 0.04000	\$ -	\$ -	\$ -	\$ -
Emergency Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Police & Fire Retirement	\$ 0.76000	\$ 0.76000	\$ 0.80000	\$ 0.80000	\$ 0.80000	\$ -
FICA & IPERS	\$ 0.75997	\$ 0.75997	\$ 0.75997	\$ 0.75997	\$ 0.75997	\$ -
Other employee benefits	\$ 1.74601	\$ 1.74601	\$ 1.74601	\$ 1.69601	\$ 1.69601	\$ -
Operating Tax Levy	\$ 12.58016	\$ 12.58016	\$ 12.58016	\$ 12.53016	\$ 12.53016	\$ -
Debt Service	\$ 2.63605	\$ 2.63605	\$ 2.63605	\$ 2.68605	\$ 2.68605	\$ -
<b>Total Tax Levy</b>	<b>\$ 15.21621</b>	<b>\$ -</b>				

The FY 2017 budget includes \$93M in property tax revenue that is generated by the levies shown below. (Excludes medical district SSMID, downtown SSMID, Czech Village/New Bo SSMID, and Ag Lands.)

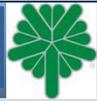


For a residential property valued at \$150,000 the calculation of the annual City property tax is as follows.

Residential Property Value	\$150,000
Multiplied by Rollback Percentage	55.6259%
Equals Taxable Value	\$83,439
Divided by	\$1,000
Multiplied by Property Tax Levy Rate	\$15.21621
Equals City Property Tax Per Year	\$1,270



## Budget Highlights



For a home valued at \$150,000, the application of the rollback will translate to a decrease of 0.16% or a \$2 annual decrease in taxes paid to the City of Cedar Rapids. A 5 year history of the City portion of property taxes paid per year on a home valued at \$150,000 is outlined below.

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Assessed Value	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Rollback Percentage	50.7518%	52.8166%	54.4002%	55.7335%	55.6259%
Taxable Value	\$ 76,128	\$ 79,225	\$ 81,600	\$ 83,600	\$ 83,439
City Levy Rate (per \$1000)	\$15.21621	\$15.21621	\$15.21621	\$15.21621	\$15.21621
<b>Total City Property Tax Per Year</b>	<b>\$1,158</b>	<b>\$1,206</b>	<b>\$1,242</b>	<b>\$1,272</b>	<b>\$1,270</b>
Annual Amount Change Per Year		\$48	\$36	\$30	(\$2)
Percent Change Between Years		4.15%	2.99%	2.42%	-0.16%

A 5 year history of the City portion of property taxes paid per year on a commercial or industrial property valued at \$1M is outlined below. With the application of the rollback at 90%, which is unchanged from FY 2016, this will result in no overall impact in taxes paid to the City of Cedar Rapids when comparing FY 2017 to FY 2016.

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Rollback Percentage	100.000%	100.000%	95.000%	90.000%	90.000%
Taxable Value	\$ 1,000,000	\$ 1,000,000	\$ 950,000	\$ 900,000	\$ 900,000
City Levy Rate (per \$1000)	\$15.21621	\$15.21621	\$15.21621	\$15.21621	\$15.21621
<b>Total City Property Tax Per Year</b>	<b>\$15,216</b>	<b>\$15,216</b>	<b>\$14,455</b>	<b>\$13,695</b>	<b>\$13,695</b>
Annual Amount Change Per Year		\$0	(\$761)	(\$760)	\$0
Percent Change Between Years		0.00%	-5.00%	-5.26%	0.00%

The chart below shows property taxes paid per year for a property valued at \$1M that changed from the commercial classification to a multi-residential classification in FY 2017. With the application of the rollback at 86.25%, this translates to a decrease of 4.17% or a \$571 annual decrease in taxes paid to the City of Cedar Rapids when comparing FY 2017 to FY 2016.

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Rollback Percentage	100.000%	100.000%	95.000%	90.000%	86.250%
Taxable Value	\$ 1,000,000	\$ 1,000,000	\$ 950,000	\$ 900,000	\$ 862,500
City Levy Rate (per \$1000)	\$15.21621	\$15.21621	\$15.21621	\$15.21621	\$15.21621
<b>Total City Property Tax Per Year</b>	<b>\$15,216</b>	<b>\$15,216</b>	<b>\$14,455</b>	<b>\$13,695</b>	<b>\$13,124</b>
Annual Amount Change Per Year		\$0	(\$761)	(\$760)	(\$571)
Percent Change Between Years		0.00%	-5.00%	-5.26%	-4.17%

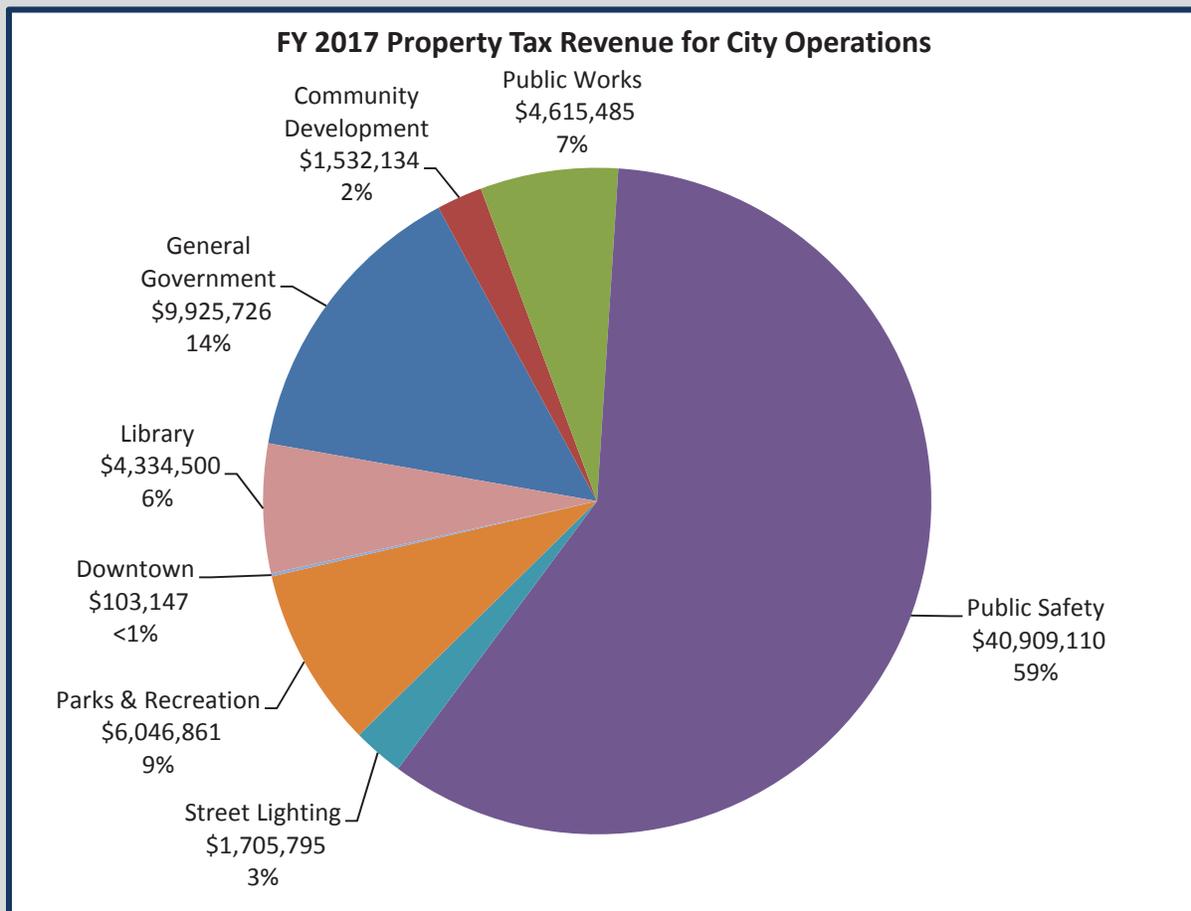


## Budget Highlights



For City operations, the levy rate is \$11.50 per \$1000 of taxable valuation which will generate \$69M of property tax revenue that is allocated to the following areas.

<b>City Operations:</b>	<b>FY 2017 Tax Levy Rate</b>	<b>% of Overall Levy</b>	<b>% of Operating Levy</b>
Public Safety	\$ 6.80	44.7%	59.1%
General Government	\$ 1.65	10.8%	14.3%
Public Works	\$ 0.77	5.0%	6.7%
Parks & Recreation	\$ 1.01	6.6%	8.7%
Library	\$ 0.72	4.7%	6.3%
Street Lighting	\$ 0.28	1.9%	2.5%
Community Development	\$ 0.25	1.7%	2.2%
Downtown	\$ 0.02	0.1%	0.1%
<b>Total City Operations:</b>	<b>\$ 11.50</b>	<b>75.6%</b>	<b>100%</b>



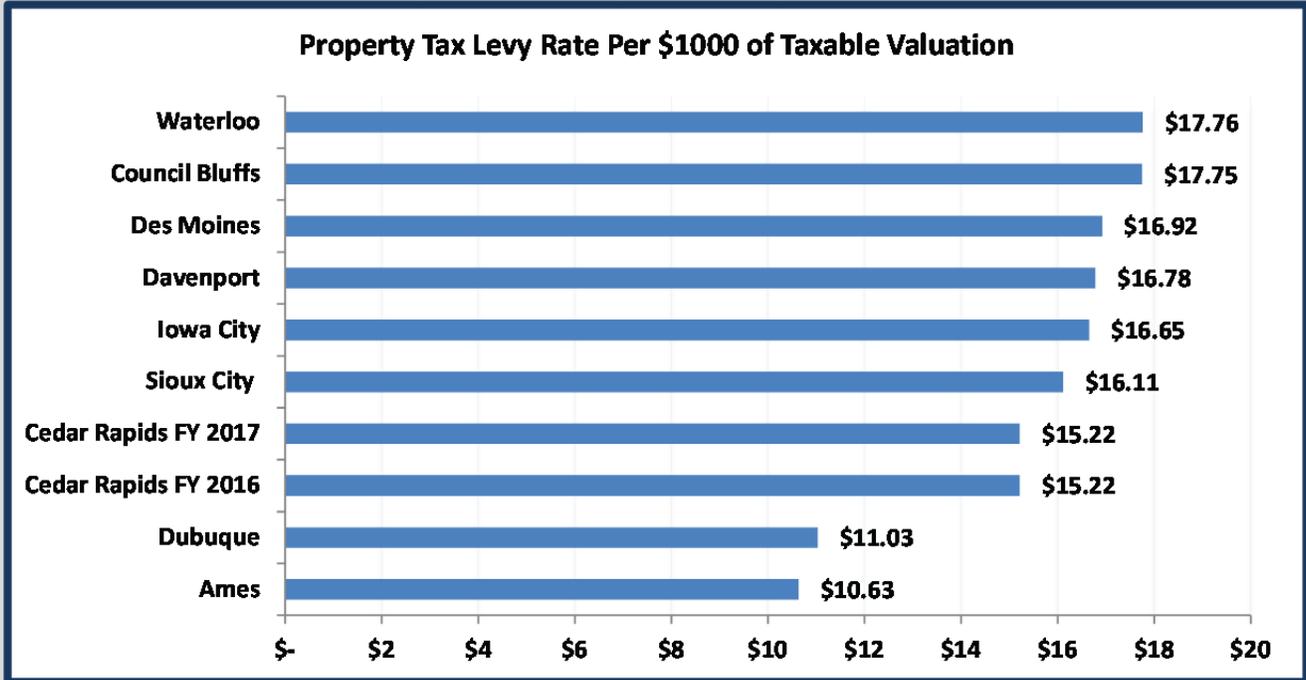
Property tax revenue for City operations is received to the general fund and trust and agency funds as appropriate.



## Budget Highlights



Cedar Rapids continues to maintain one of the lowest property tax rates compared to other Iowa cities. The City has maintained the rate of \$15.22/\$1000 of taxable valuation since FY 2010. Below are property tax rates for other Iowa cities for FY 2016 in comparison to the City of Cedar Rapids FY 2017 rate.



### Intergovernmental Grants (Third Largest Budgeted Revenue Source – 16%)

Intergovernmental grant revenue is a combination of federal, state, or local funding that includes road use tax proceeds, state property tax backfill, FEMA funding for flood repair projects, and 28E agreements with other municipalities for improvement projects.

In FY 2017, of the \$525M budgeted for revenue city wide, 16% or \$82M is budgeted for intergovernmental grants. Of this amount, \$46M is budgeted in the 2008 flood recovery and flood control capital project funds for projects that include sanitary sewer repairs, single family / multi-family construction, and flood control. Also, included in intergovernmental grants is road use tax revenue of \$14.2M. Of the \$14.2M, \$2.5M will be transferred to the street capital project fund and the remainder will be transferred to fund qualifying general fund operating expenses under Public Works and Parks & Recreation. Road use tax proceeds are derived from the state fuel tax rate, vehicle registration, and other related fees. The City receives their allocated share from the state to assist with construction, repair, and maintenance of Iowa’s road infrastructure.

In FY 2015 Legislature created an appropriation to reimburse, or “backfill” local government for property tax reductions resulting from commercial and industrial property rollbacks, but not for railroads or multi-residential property. This appropriation will be unlimited until FY 2018 where the appropriation will be capped at the FY 2017 amount. Below is the history of the backfill.

Fiscal Year	Backfill Amount
2015	\$2,800,597 (actual)
2016	\$4,201,141 (budget)
2017	\$3,867,527 (budget)

In FY 2017 backfill decreased due to the creation of the new multi-residential property type as this category is not backfilled by the state.

For FY 2017, departments reviewed their budgeted expenses and projected the associated grant revenue to be budgeted. The only exception relates to road use tax revenue. For road use tax revenue, the budget was



## Budget Highlights



reviewed by Finance and was based on historical actual proceeds since the state per capita rates have been historically high compared to actual proceeds. The state's economy impacts road use tax revenues which were also taken into consideration when setting the budget as well as the City's commitment to budgeting conservatively for revenues.

### **Other Revenues (Fourth Largest Budgeted Revenue Source – 10%)**

Other revenues include building rental, insurance premiums, special assessments, airport parking, and airport landing fees.

The category other revenues is increasing \$3.6M to \$53M based on projected estimates for revenue sources such as building rental and insurance premiums. Of the \$53M budget, \$26M of revenue stems from risk insurance premiums. \$908K is budgeted for interest revenue, which is an increase of \$526K from FY 2016 due to investments receiving a higher interest rate.

### **Proceeds of Long Term Liabilities (Fifth Largest Budgeted Revenue Source – 8%)**

Long term liabilities is a combination of general obligation bonds, revenue bonds, tax increment financing bonds, and state revolving fund proceeds.

The FY 2017 budget includes the following funding with long term liabilities for capital improvement projects:

- \$14.6M – General obligation bonds
  - \$5M – ADA improvements
  - \$4.7M Public Works (\$1.1M – Staff Time, \$1.1M – Street Improvements, \$1M – Sidewalk Improvements, \$375K – Traffic Improvements, \$1.1M – Trail Improvements)
  - \$850K Parks, Recreation, Forestry, Riverfront (\$400K Parks, \$150K Recreation, \$150K Riverfront, \$150K Street Trees)
  - \$1.3M – Fire heavy duty rescue truck and station alerting system
  - \$500K – Library books
  - \$1M – Flood control system
  - \$150K – IT improvements
  - \$500K – City facility improvements
  - \$601K – Parking (\$450K Skywalk from Convention Center to US Bank Parking Ramp Structure, \$151K safety)
- \$26M – Revenue bonds
  - \$14.5M – Water improvements
  - \$2.4M – Sanitary sewer improvements
  - \$9.1M – Water pollution control improvements

Compared to FY 2016, proceeds of long term liabilities decreased \$3.5M to \$41M. The main changes involve revenue bond funding increasing \$3.6M to \$26M and general obligation bond funding decreasing \$6.2M to \$14.6M. The decrease is the direct result of planned projects while keeping in mind the City's commitment to budgeting at a level it can afford. The projects included in the budget were programmed based on their priority, cost, revenue source, purpose, and/or timing.

### **Licenses and Permits**

License and permit revenue is derived from a number of sources including building, plumbing, mechanical, and electrical permits as well as liquor licenses and right of way permits.

Licenses and permits is increasing \$39K to \$2.5M based on historical information.



## Budget Highlights



### **Fines and Forfeits**

Fines and forfeits include traffic enforcement camera fines as well as court and library fines.

Fines and forfeits decreased by \$4K to \$5.5M based on historical information.

### **Fund Balance/Transfers In**

For budgeting, fund balance is the difference between assets and liabilities from the past fiscal year(s). On occasion fund balance is used to fund expenses of the upcoming budget year.

Operating budgets are generally balanced with current revenues with a few exceptions of where prior year revenue collection in excess of expenditure requirements are being utilized as funding sources in FY 2017. The special revenue and capital project budgets are balanced with current revenues or may use existing cash on hand in projects from past fiscal years to fund expenditures due to planned expenditures or the timing of expenditures.

In FY 2017, transfers in decreased \$6M mainly due 2008 flood projects coming to a completion as in prior years transfers were budgeted for moving flood local option sales tax revenue for uses relating to matching funds for federal flood dollars to assist with flood recovery or flood protection.

The use of fund balance or transfers in is decided by Departments and/or the Finance Department based on needs and availability. The Finance Department confirms if funds can be transferred or used given the circumstance of the expense and original source of the funds.

### **Special Comment**

In order to avoid repeat commentary, throughout this document several revenue changes are the result of various adjustments between accounts to reflect where actual revenue is anticipated and therefore are not specifically noted in department or fund summary of budget changes.