

CITY OF FORT DODGE

BUDGET

AT A GLANCE

FY 2025



CITY OF FORT DODGE ELECTED OFFICIALS



Matt Bemrich
Mayor



Quennel McCaleb
At Large



Megan Secor
At Large



Lydia Schuur
At Large



Jen Crimmins
Ward 1



Cameron Nelson
Ward 2



David Flattery
Ward 3



Kim Alstott
Ward 4

A MESSAGE FROM THE CITY MANAGER...



David Fierke

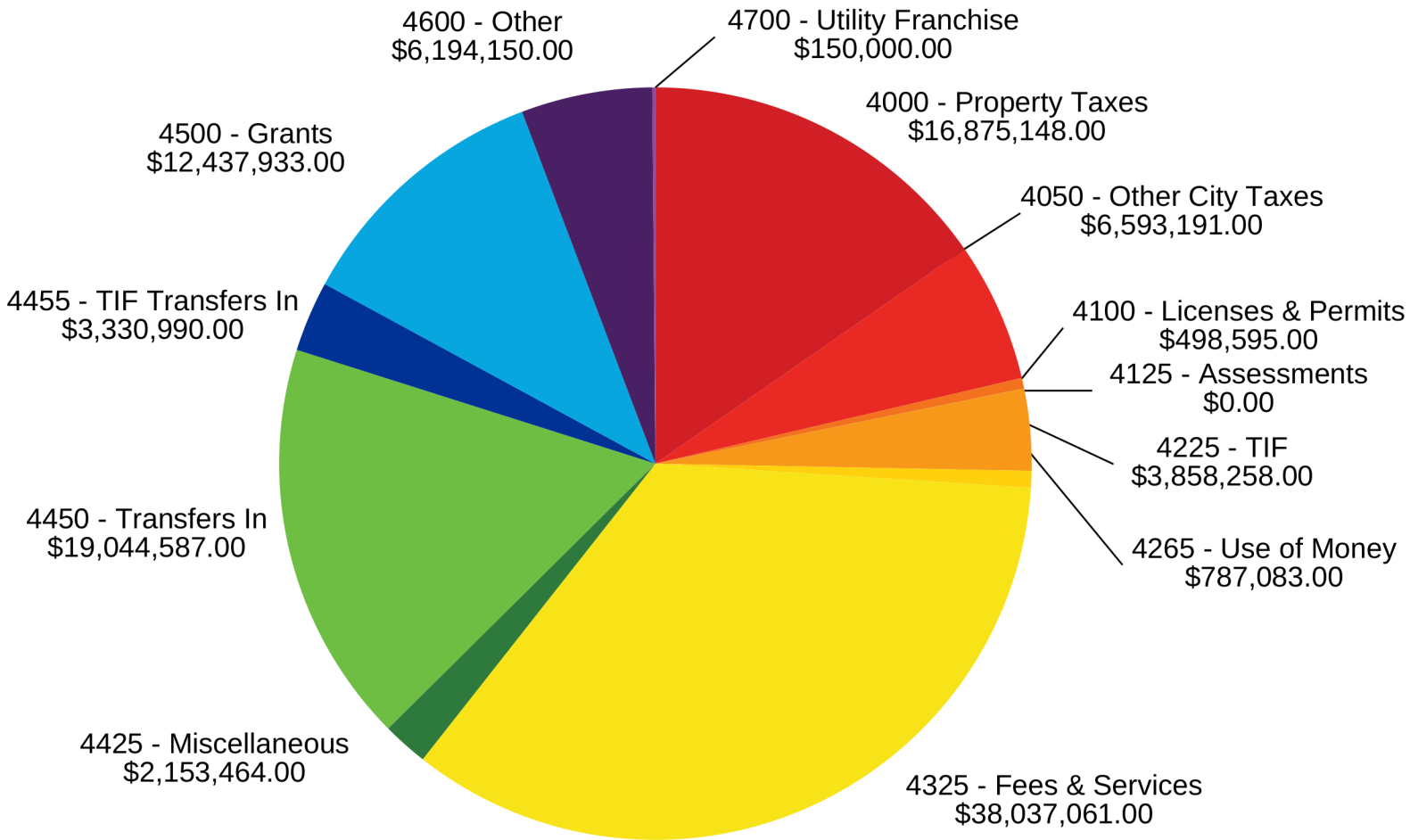
Explaining municipal finance in simple terms can be challenging, but this budget narrative aims to shed light on the City of Fort Dodge's financial status and its fiscal year 2025 annual budget. The goal is to make the city's economic health and operational efficiency clearer, ensuring transparency and understanding across all departments and agencies.

Before diving into the numbers, it's crucial to understand municipal finance and fund accounting basics. Fund accounting divides activities into specific categories, such as water, sewer, or broadband utilities, separate from general governmental functions like police, fire, parks, and administration.

Picture municipalities like umbrella corporations, where each department or function operates as a distinct entity. This setup enables precise tracking of revenues, expenditures, and resources tied to each activity. It promotes transparency, accountability, and effective management of public finances, meeting both State and Federal requirements.



REVENUE OVERVIEW



Property Taxes (4000): This category shows the money collected from property taxes. The number in parentheses indicates that the city received **\$16,875,148.00** in property taxes.

Other City Taxes (4050): This includes taxes other than property taxes, like sales taxes or income taxes. Here, the city received **\$6,593,191.00** from these other taxes.

Licenses & Permits (4100): This represents the fees people pay for licenses or permits, such as business licenses or building permits. The city collected **\$498,595.00** from these fees.

TIF (Tax Increment Financing) (4225): TIF funds come from specific areas where property taxes are used to finance development in those areas. The city received **\$3,858,258.00** from TIF districts.

Use Of Money (4265): This category represents the money the city earns from investments or interest on savings. Here, the city earned **\$787,083.00**.

Fees & Services (4325): These are charges for services provided by the city. The water and sewer bills make up the greatest portion, then followed by broadband services, ambulance fees, garbage collection and recreation fees. The city collected **\$38,037,061.00** from these fees.

Miscellaneous (4425): This includes any revenue that doesn't fit into other categories. It could be fines, sale of city property, or other one-time revenues. The city received **\$2,153,464.00** from miscellaneous sources.

Transfers In (4450): This represents money transferred between City funds within the budget. here is accounted for as a revenue from other funds. The budget records **\$19,044,587.00** from such transfers.

TIF Transfers In (4455): Similar to TIF funds mentioned earlier, this is money transferred from TIF districts into other funds that pay the expenses. The budget records **\$3,330,990.00** from TIF transfers.

Grants (4500): This shows money received from external sources, like state or federal governments, for specific purposes or projects. This includes road use tax The city received **\$12,437,933.00** in grants.

Other (4600): This category represents other sources of revenue not covered elsewhere. The city received **\$6,194,150.00** from these sources.

Utility Franchise (4700): This represents fees paid by utility companies for the right to operate within the city. The city received **\$150,000.00** from utility franchise fees.

Adding up all these sources of revenue, the total revenue for the city is listed as \$109,960,460.00.

REVENUE BREAKOUTS

Read on for a detailed look at a few of the better-known sources of income that the City of Fort Dodge relies on to fund our operations and projects. Revenues notated with a tiny car may be used for road improvements. Interested in a more detailed view of the City's revenues and expenses? Visit our website.

OTHER CITY TAXES (4050)

LOCAL OPTION SALES TAX - \$6.9 MILLION

A local option sales tax is a tax that cities or counties can choose to add on top of the state's sales tax. This extra tax is usually approved by local voters, and the revenue generated is often earmarked for specific local projects or needs, such as infrastructure improvements or public services. This allows local governments to raise funds for projects that are important to their communities, giving them a direct say in their own development and services.

TIF (TAX INCREMENT FINANCING) (4225)



TAX INCREMENT FINANCING - \$3.6 MILLION

Tax Increment Financing (TIF) is a public financing method that uses future increases in property tax revenues from a designated area to fund improvements within that area. Essentially, when an area is developed or improved, the property values rise, leading to higher property taxes. TIF allows municipalities to use the extra tax revenue generated by this increase in property values to pay for the development projects upfront, aiming to stimulate economic growth and infrastructure development in underdeveloped or blighted areas.

FEES & SERVICES (4325)



WATER UTILITY FEES - \$12.4 MILLION

Water utility fees are charges incurred by households and businesses for the consumption of water services, including the supply of fresh water and the treatment of wastewater. These fees cover the costs of water treatment, infrastructure maintenance and delivery systems. In Fort Dodge, the water utility fee incorporates both fixed rates and usage-based charges to ensure the sustainable operation of water service and infrastructure.

SEWER UTILITY FEES - \$14.3 MILLION

Sewer utility fees are charges for the collection, treatment, and disposal of wastewater from homes and businesses. These fees help cover the costs of operating and maintaining the sewage treatment facilities and the sewer network. The structure of these fees is determined by the amount of water used, as a proxy for wastewater produced, ensuring the environmental management and infrastructure maintenance of wastewater services.



SOLID WASTE COLLECTION FEES - \$1.5 MILLION

Solid waste collection fees are charges levied for the service of collecting and disposing of household garbage and recycling. These fees help cover the costs associated with garbage collection services, landfill operations and recycling programs. Solid waste collection services are available to single family dwellings and duplexes.

STORMWATER UTILITY FEES - \$950,000

As outlined in Chapter 13.32 of City Code, stormwater utility fees are calculated for single-family residential properties using an "Equivalent Residential Unit" (ERU), which estimates the average area of non-absorbent surfaces like driveways and roofs that contribute to runoff. These fees, assessed to homeowners, fund the infrastructure to manage and treat stormwater, aiming to reduce pollution, flooding, and erosion. The fee structure, reflecting the impervious surface area of a property, ensures a fair distribution of stormwater management costs.



AMBULANCE SERVICES - \$2.3 MILLION

Revenue from ambulance services refers to the money that is collected for providing ambulance transport and medical services during emergencies. This revenue typically comes from charges billed to patients or their insurance companies for the use of ambulance services, including transportation to medical facilities and on-scene medical care. It helps cover the costs of operating and maintaining ambulance services, including equipment, staff salaries, and training.

BROADBAND - \$4.3 MILLION

Revenue from broadband services is the income that comes from providing high-speed internet access to customers. This can include both residential and business customers who pay monthly fees for internet connectivity. The revenue helps cover the costs of building, maintaining, and upgrading the necessary infrastructure to deliver these services, including the networks and technology that enable fast, reliable internet access.

GRANTS (4500)

ROAD USE TAX FUND - \$3.2 MILLION

In Iowa, the Road Use Tax Fund (RUT) was established in 1949 to support state, county, and city governments in building, repairing, and maintaining road infrastructure. This fund is primarily filled by fuel tax revenues and vehicle registration fees, with the legislature setting the fuel tax rate, which was last increased in 2015. About 20% of RUT goes into the City street fund, with the monies being distributed to cities on a per capita basis.

PROPERTY TAX

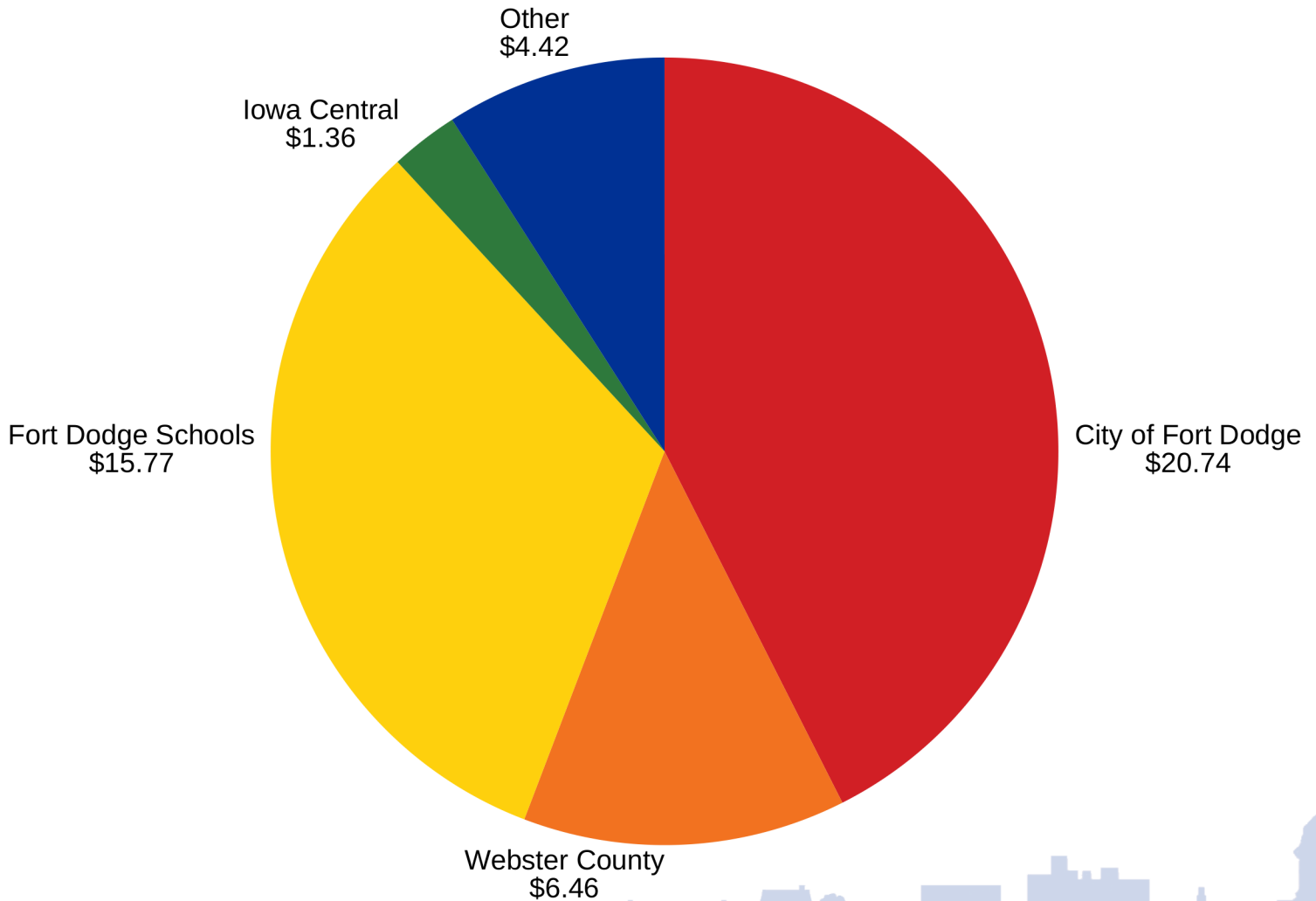
Property taxes serve as crucial fees paid by property owners to county and local governments and schools, directly tied to the assessed value of their properties. These funds are integral for financing public services such as schools, roads, and emergency services. The tax amount correlates with property value, resulting in higher taxes for more valuable properties.

It's important to recognize that property tax payments don't solely bolster the city's budget but also help fund entities like Webster County, Fort Dodge Schools, and Iowa Central Community College. Paying property taxes contributes to a diverse array of local services and educational institutions beyond city infrastructure and services.

In Iowa, the process of setting property tax rates involves several key steps, beginning with the assessment of property values. Local assessors, who are appointed and confirmed to their positions, are responsible for determining the value of properties within their jurisdiction based on market value, except for agricultural land which is assessed based on use value. Once properties are assessed, local authorities, which include cities, counties, school districts, and other taxing entities, establish their budgets based on the needs and services to be provided to the community. Approved budgets are submitted to the county auditor, who then determines levy rates associated to each authority based on the aggregate taxable value for each authority.

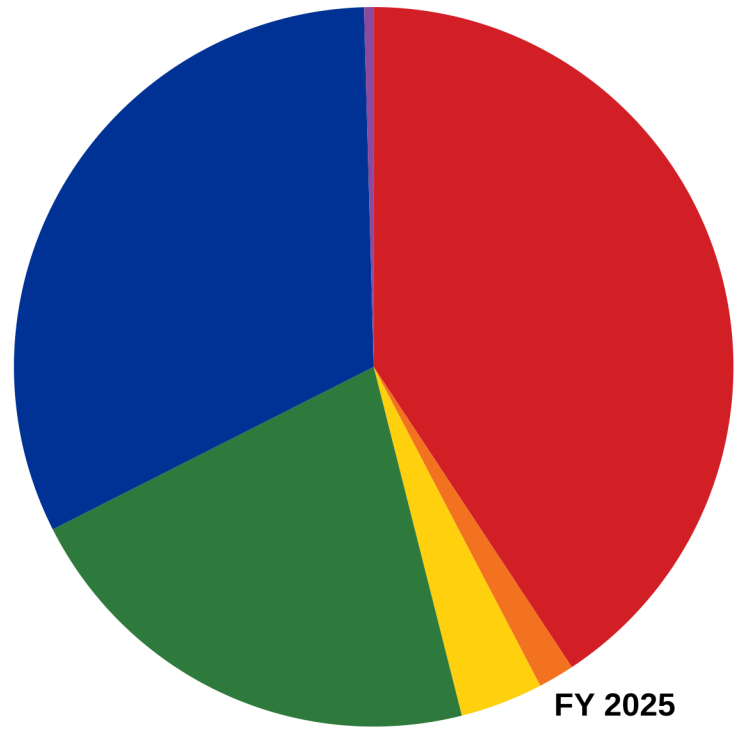
PROPERTY TAX BREAKDOWN - FORT DODGE - FY 2024

RATE PER \$1,000 OF VALUE

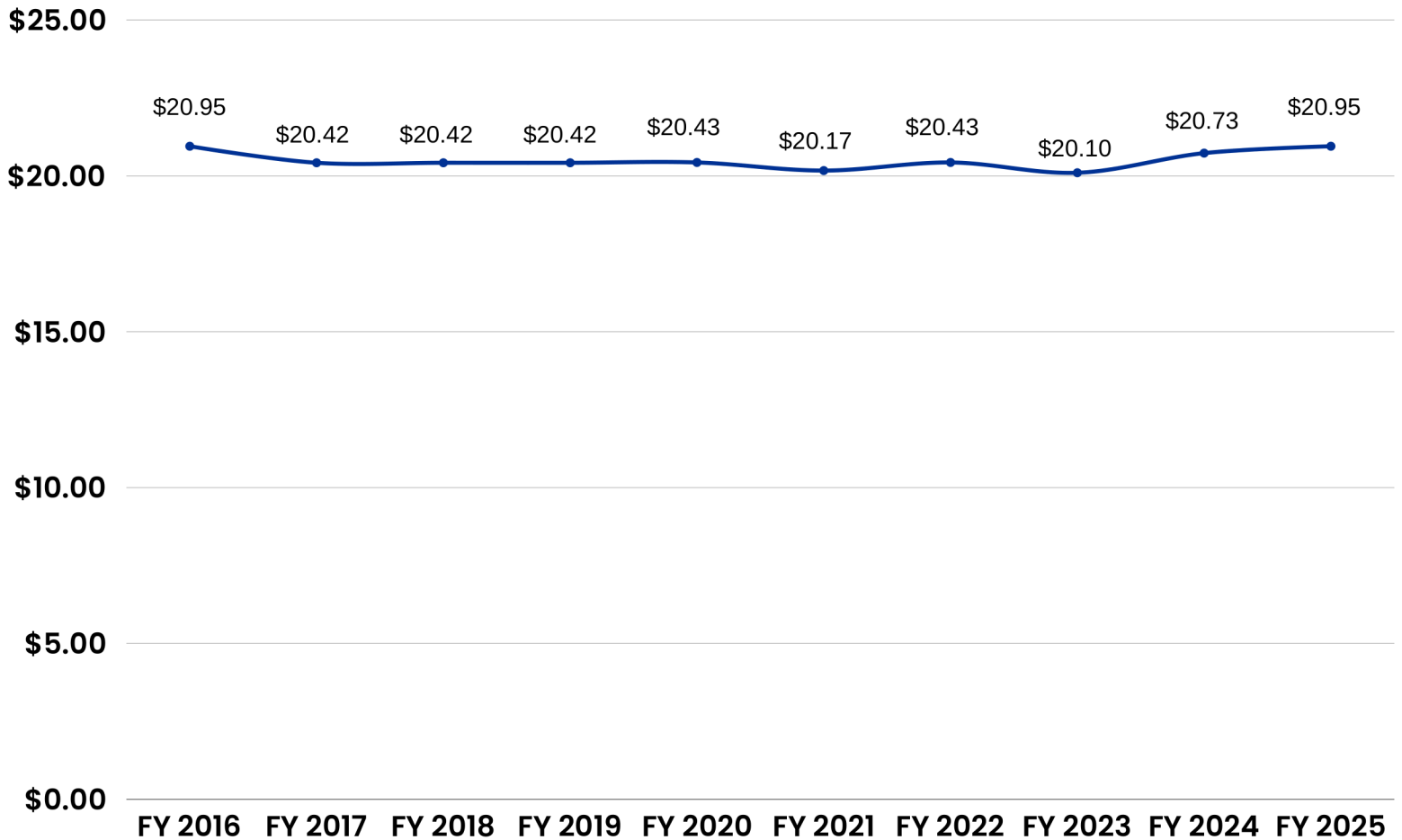


PROPERTY TAX LEVY RATES - CITY OF FORT DODGE - FY 2025

	FY 2024	FY 2025
General	\$8.10	\$8.53
DART	\$0.34	\$0.34
Insurance	\$0.56	\$0.78
Emergency	\$0.27	
Debt Service	\$4.50	\$4.50
Employee Benefits	\$6.73	\$6.71
EMA	\$0.05	\$0.09
Band	\$0.05	
Civic Center	\$0.12	



TEN YEAR HISTORY - TOTAL CITY TAX RATE



COST COMPARISON

A comparison of the monthly cost of city departments and services to the price of everyday items we often take for granted demonstrates the value and impact of municipal services. By comparing these costs, we can appreciate the tangible benefits city services provide in the context of common expenditures. These numbers are based on the average home value in Fort Dodge as reported by Zillow. The typical home value using data through February 29, 2024, is \$121,250.

Fort Dodge Police Department



Netflix Premium Subscription

Fort Dodge Fire Rescue



One Week Family Gym Membership

Parks & Recreation



McDonald's Happy Meal

Blanden Memorial Art Museum



Costco Hot Dog

Karl King Band



Couch Change

Fort Dodge Regional Airport



Gallon of Gas

Fort Dodge Public Library



Pack of Pokemon Cards

Inspections



Any Item at the Dollar Tree*

Public Areas



20 oz Bottle of Soda

Development Services



Load of Laundry

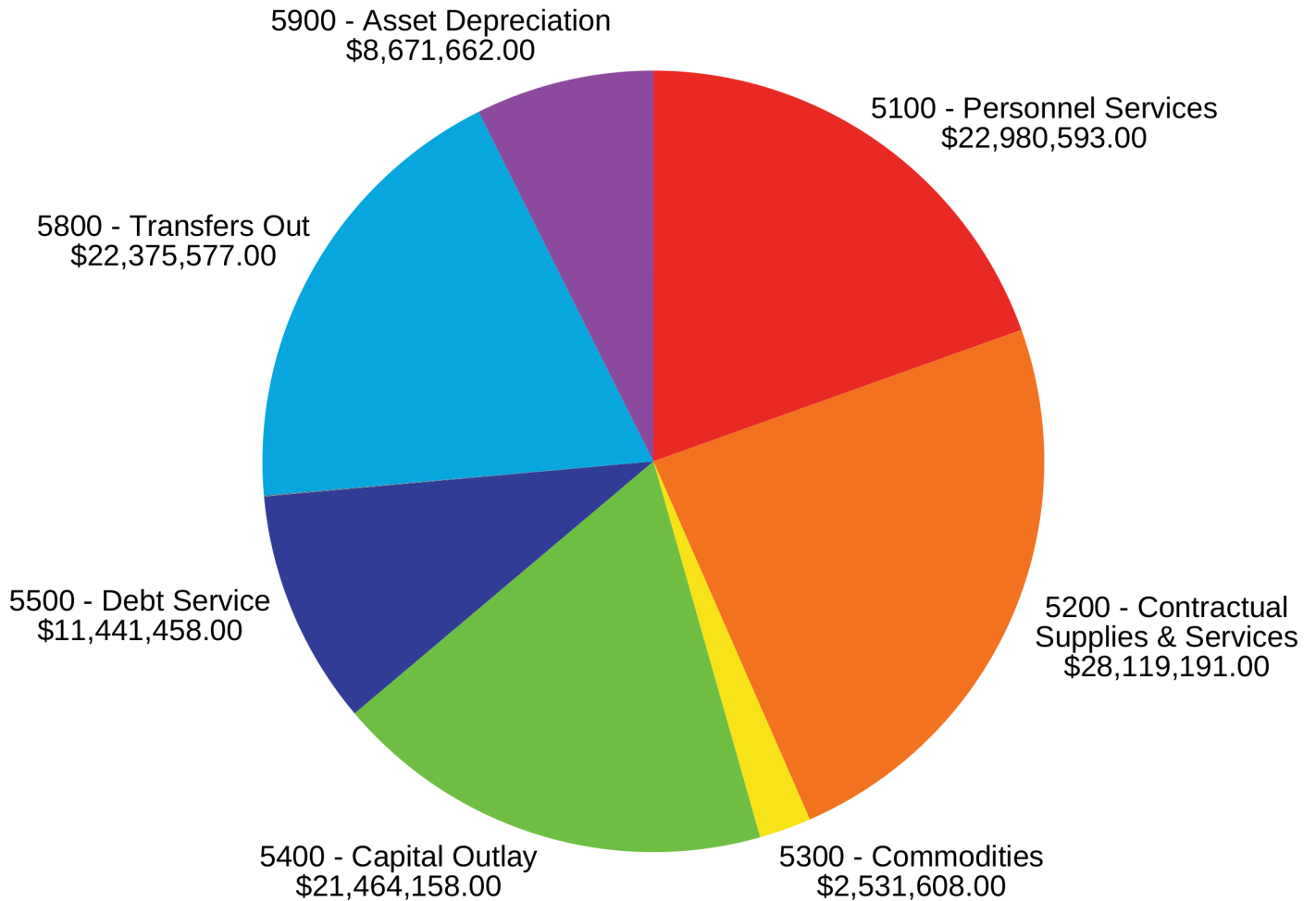
Administration



Powerball Ticket with Powerplay

*Not from the new Dollar Tree Plus section

EXPENSES BREAKDOWN



Personnel Services (5100): This category represents the costs associated with paying salaries, wages, benefits, and other personnel-related expenses. The city spent **\$22,980,593.00** on personnel services.

Contractual Supplies & Services (5200): These are expenses for contracted services, such as maintenance contracts, professional services, and utilities. The city incurred **\$28,119,191.00** in contractual supplies and services.

Commodities (5300): This category covers expenses related to purchasing goods or materials needed for city operations. The city spent **\$2,531,608.00** on commodities.

Capital Outlay (5400): Capital outlay expenses are for purchasing or upgrading assets, like equipment, vehicles, or infrastructure. The city invested **\$21,464,158.00** in capital outlay.

Debt Service (5500): This represents payments made towards servicing the city's debt obligations, such as interest and principal payments on loans or bonds. The city paid **\$11,441,458.00** towards debt service.



Non Expenditure Disbursements (5600): These are non-expense disbursements, which could include transfers between accounts or non-cash transactions. The city had **\$14,700.00** in non-expenditure disbursements.

Other (5700): This category encompasses miscellaneous expenses not covered elsewhere. The city incurred **\$24,347.00** in other expenses.

Transfers Out (5800): This represents money transferred out of one fund in the city's budget to other fund. The city transferred out **\$22,375,577.00**.

Asset Depreciation (5900): Asset depreciation accounts for the decrease in value of assets over time. It's a non-cash expense that reflects wear and tear on city assets. The city recorded **\$8,671,662.00** in asset depreciation.

The total expenses for the city amount to \$117,623,294.00.



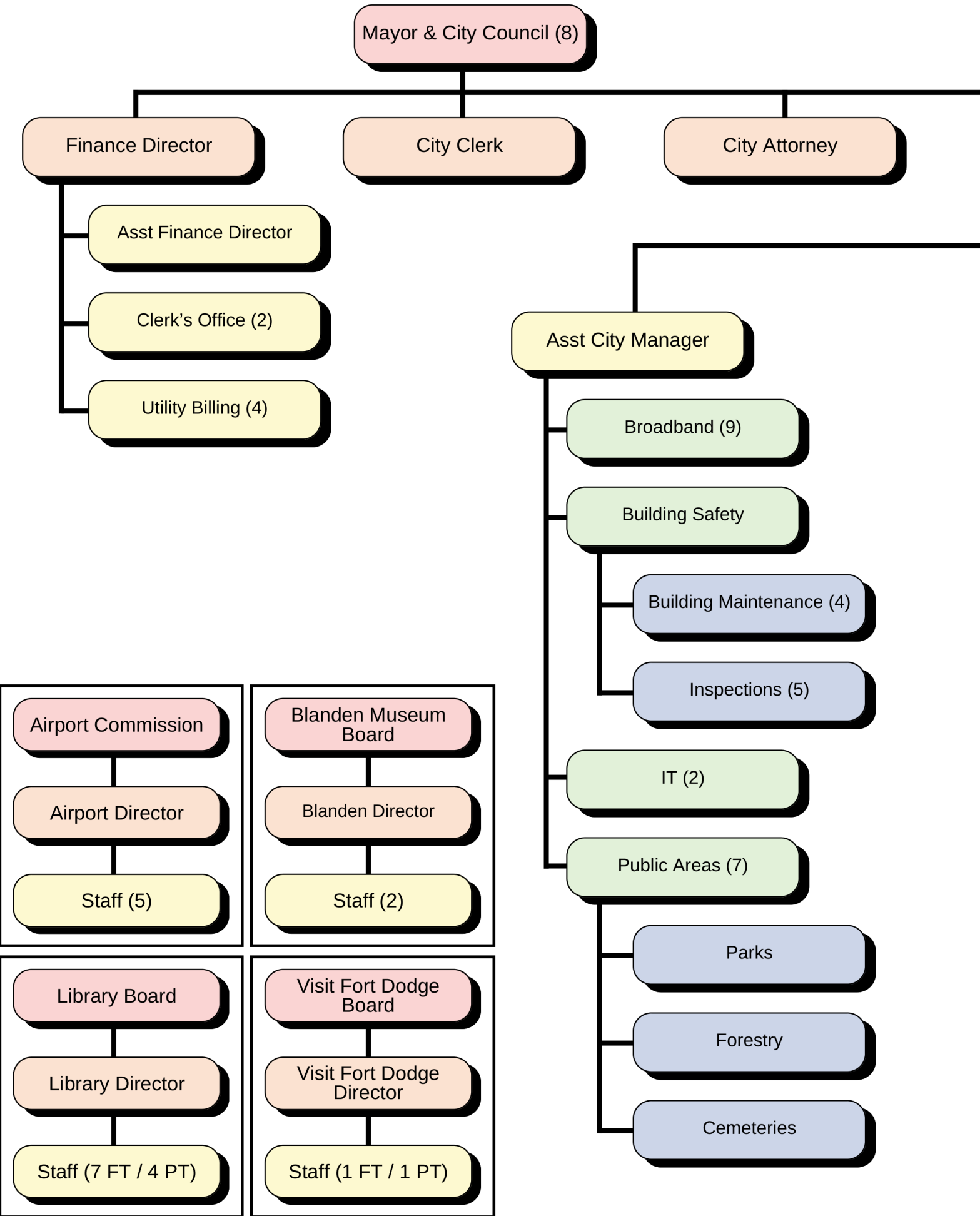
FINANCIAL RESILIENCE & FUND BALANCE

The City maintains a healthy fund balance in key operating funds, ensuring a solid buffer to address short-term financial or cash flow challenges. The general fund's balance exceeds 40% of the annual expenditures, which is important because it finances the bulk of governmental services. In addition, revenues from the general fund are not as flexible as other sources, making the management of this fund balance more challenging. The proprietary funds demonstrate a considerable balance, largely influenced by the timing of capital project revenues and the expenditure of these funds.

Although the City is equipped to handle financial shortfalls in the near term, we have to be diligent to trends in revenue generation to maintain financial health for future years.

	General	Special Revenues	TIF Special Revenues	Debt Service	Capital Projects	Proprietary	Total Budget 2025	Total Re-estimated 2024	Total Actual 2023
Total Expenditures & Fund Transfers Out	\$16.5M	\$23.3M	\$4.0M	\$7.6M	\$23.2M	\$43.0M	\$117.6M	\$161.1M	\$101.2M
Ending Fund Balance June 30	\$6.8M	\$13.7M	(\$5.8M)	\$1.0M	\$9.7M	\$70.3M	\$95.8M	\$103.4M	\$110.3M
Fund Balance as a Portion of Expenses	41%	59%	-144%	13%	42%	164%	81%	64%	109%





Mayor & City Council (8)

Finance Director

City Clerk

City Attorney

Asst Finance Director

Clerk's Office (2)

Utility Billing (4)

Asst City Manager

Broadband (9)

Building Safety

Building Maintenance (4)

Inspections (5)

IT (2)

Public Areas (7)

Parks

Forestry

Cemeteries

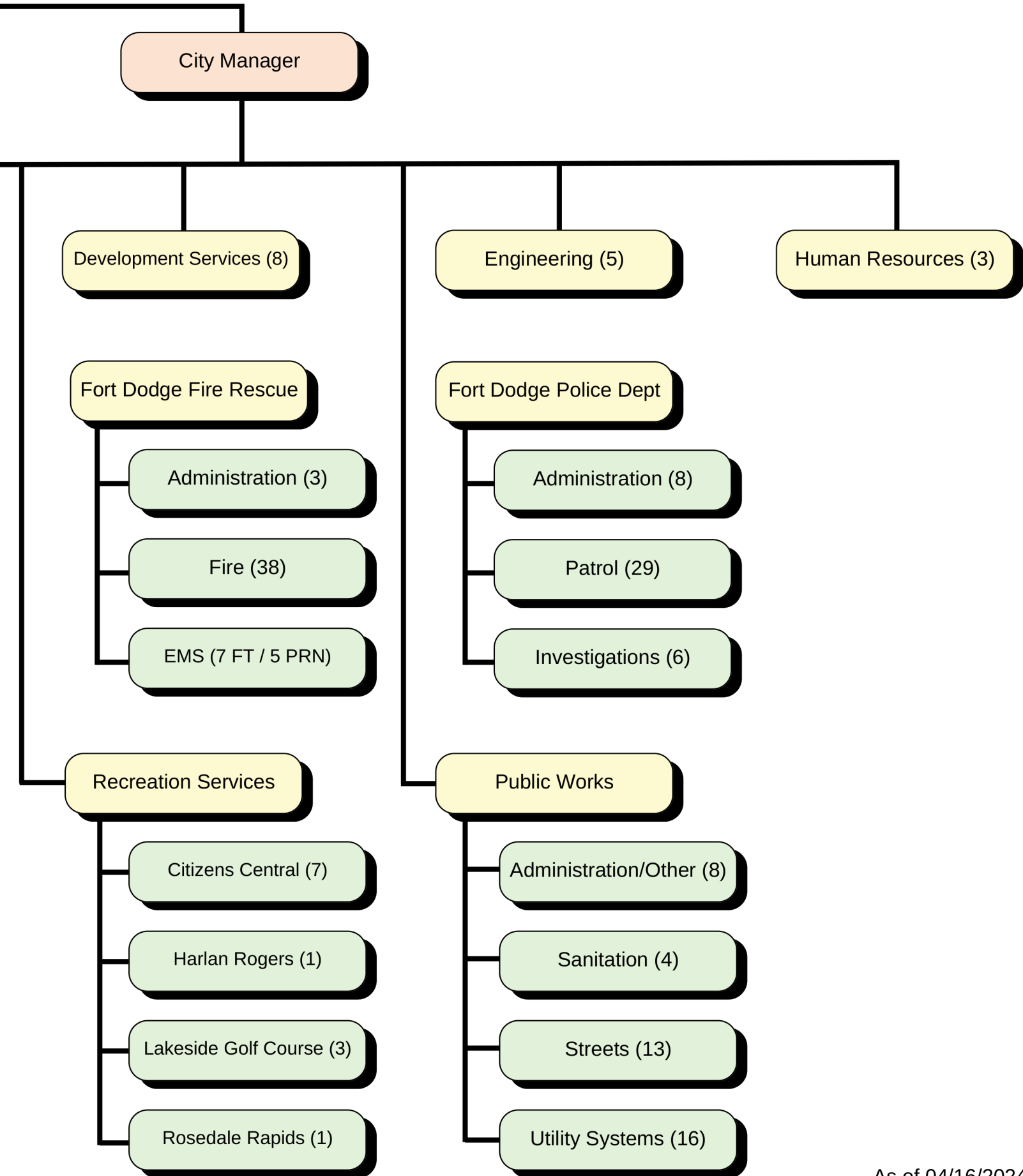
Airport Commission
Airport Director
Staff (5)

Blanden Museum Board
Blanden Director
Staff (2)

Library Board
Library Director
Staff (7 FT / 4 PT)

Visit Fort Dodge Board
Visit Fort Dodge Director
Staff (1 FT / 1 PT)

ORGANIZATION STRUCTURE



UPCOMING CHALLENGES

2023 PROPERTY TAX LEGISLATION

Fort Dodge generally grows at a modest rate with a modest increase in property taxes. Now, under new state property tax legislation, we're faced with a lose-lose scenario. Either our community grows slowly and doesn't generate enough new revenue to cover inflation or our community grows too quickly and the state of Iowa cuts our rate. Here are the "highlights":

New Combined Levy:

Before, cities in Iowa could choose from various specific taxes (levies) for things like emergency services, music groups, libraries, and bridges. The new law got rid of these options and replaced them with one big pot called the Combined General Fund Levy (CGFL). Cities now add up what they used to collect from the old specific taxes to figure out how much they can collect with this new combined tax.

Limits Based on Property Value Growth:

The law also introduces rules to prevent cities from collecting too much money if the value of property in the city grows a lot. If the non-tax increment financing (non-TIF) property values (excluding agricultural land) grow by more than 3% or 6% in a year, the amount the city can collect from the CGFL might be reduced. This is designed to slow down how fast property taxes can rise if property values go up quickly.

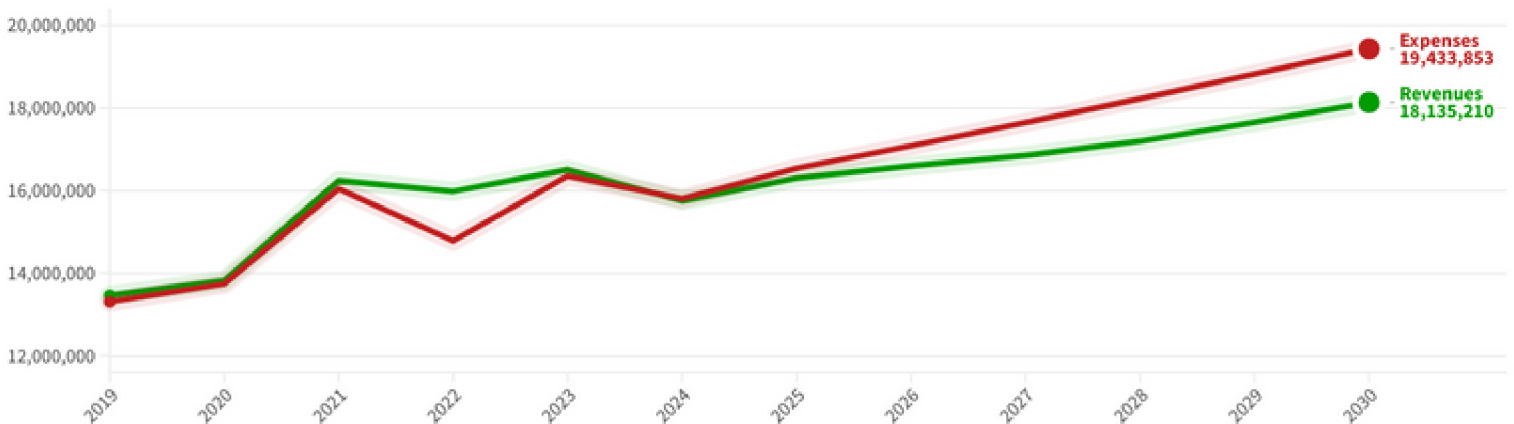
Cap on the Levy:

Starting from the fiscal year 2029, the maximum amount that can be collected from the CGFL is capped at \$8.10 per \$1,000 of property value for all cities, no matter how much property values grow or shrink. This means there's a limit to how much the CGFL can be, aiming to keep property taxes from increasing too much.

What This Means for Cities:

Cities now have to use this new CGFL instead of choosing from a menu of specific taxes. If the value of properties in the city grows quickly, the amount they can collect might be automatically reduced to prevent big jumps in property taxes. Starting in 2029, there's a firm cap on how much the CGFL can be, regardless of property value changes.

What does this mean for our general fund?



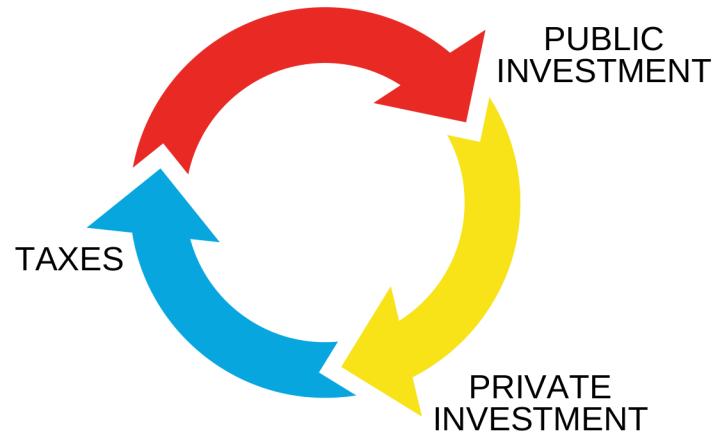
WHAT'S NEXT?

To tackle the financial impacts of the 2023 property tax legislation, the City of Fort Dodge is exploring the addition of franchise fees on utilities like gas and electricity as a revenue source. These fees, essentially rental payments from utility companies for using public space to deliver services, are similar to the rent a property owner would charge for the use of their property. By establishing a 5% franchise fee for gas and electric services, the City aims not just to maintain its quality of service amid tighter budget constraints but also to direct additional funds toward enhancing public safety and community amenities, reinforcing the safety, attractiveness, and livability of the community.

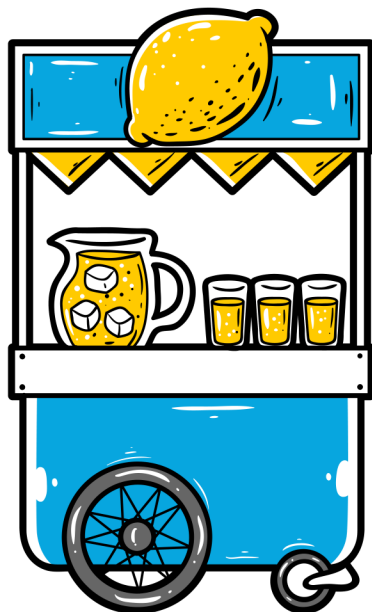
This approach highlights a broader economic strategy where initial public investment in infrastructure, safety, and services catalyzes private investment, fueling the cycle of economic growth, job creation, and increased tax revenue. Such investments make Fort Dodge more appealing for businesses, encouraging them to set up shop or expand, resulting in more jobs and spurring further economic growth. The resulting uptick in tax revenues enables continued and even increased investment in public goods and services. This cycle of investment and growth is a sustainable strategy for long-term prosperity, illustrating the critical role of public investment in stimulating private investment and economic development, ensuring the City's vitality and resilience.



At the peak of the Crossroad Mall's decline, it generated \$116,827 in property tax revenue. The four developed pieces of the Corridor Plaza generate \$185,000 - a **58% increase** that wouldn't happen without public investment.



THE LEMONADE STAND



Imagine you have a lemonade stand in your front yard. To attract more customers, you decide to make a cool sign, keep your stand looking nice and maybe even add some fun games nearby. This makes more people want to come and you start earning more money from selling lemonade. Now, imagine Fort Dodge is like your lemonade stand, but instead of lemonade, we want to make the whole city better so more people and businesses want to come and stay.

The City of Fort Dodge is exploring asking for a little bit of extra money in exchange for using public land and infrastructure to provide gas and electric services - kind of like asking for a small fee for letting someone set up a mini-game next to your lemonade stand. This extra money helps us keep everything running smoothly, like the parks, the Blanden and the library, and making sure there are enough police officers to keep everyone safe.

Just like fixing up your lemonade stand made more people come, which means you got more money, when the City spends money to make things nicer (like roads, schools, and parks), businesses want to come too. These businesses create jobs, which means people have more money to spend, and the city gets more money from taxes without having to ask anyone to pay more. Then, we can use that money to make even more improvements, like a cycle that keeps going and makes everything better and better.

So, by asking for a little bit of extra money from the gas and electricity customers, Fort Dodge can keep making the city a nicer place to live, which makes more businesses want to come here, creating more jobs and making the city even better over time. It's like using the money from your lemonade stand to make your stand even cooler, attracting even more customers!



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