Council Proceedings
Special Council Meeting
February 23, 2015

A Special meeting of the Marshalltown City Council was convened on February 23, 2015, at 12:00 PM, in the Council Chambers at City Hall, according to posted notices. Mayor Lowrance called the meeting to order. ROLL CALL: Present – Gowdy, Greer, Hoop, Lamer, Martin, Schubert, Wirin.

Discussion regarding Budget for Fiscal Year Ending June 30, 2016. Finance Director Stansberry reviewed the proposed prepared budget, which included a ten cent increase in the tax rate.

Wirin recalled her motion at last week's meeting. The tax facts indicated a four cent increase was necessary to balance the budget. Wirin's motion was to increase the GO Debt Obligation by six cents with an overall rate of ten cent increase in order to provide flexibility for budget review prior to final adoption.

Wirin asked what the dollar difference was between the four cent and ten cent tax rate. Stansberry advised she would have to get back to the council at a future meeting. Stansberry explained the backfill was added to the revenue instead of reducing the property tax asking to protect the property tax valuation and maximize the backfill for future years. The complicated backfill formula is based on the property tax valuation. Handling the backfill as revenue will assist with the end of year cash balance, which is monitored by lending institutions and which could affect the city's debt interest rate. The council discussed the general obligation debt fund. Should the police bond issue pass, the debt for the building is projected to require additional tax levy in the GO Debt schedule over the next twenty years. The backfill will be capped in the coming year. A modest cash increase of the tax levy for FYE 2016 will assist with the cash balance. Bond obligation and employee benefits are two debt levies that will increase in the future. Carryover in the fund currently offers some flexibility.

Schubert asked Stansberry to provide the estimated tax loss due to multifamily unit tax classification reduction.

The cash balance goal is 20%. The city is currently about 16%. If we go below 16% cash balance at the end of the year we may experience higher bonding interest rates.

Wirin asked for written explanation of the benefit of leaving the 5.5 cents in the budget, to help explain it to the public, the benefits of using the backfill as revenue as opposed to reducing the overall tax levy.

The council will meet at noon on March 2, 2015, to further discuss the budget tax levy.

With no additional action the meeting adjourned at 1:15 PM

Respectfully submitted,

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Shari L. Coughenour, CMC, City Clerk

CITY OF MARSHALLTOWN

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James L. Lowrance, Mayor

ATTEST:

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Shari L. Coughenour, City Clerk