



April 9, 2020

Dear Indianola community members,

We take our responsibility as your elected representatives extremely seriously. When we recognize that misinformation is being disseminated and our commitment to serving the community we love is questioned, we have no choice but to speak out.

We are referring to the misleading information that first appeared in a letter from the Mayor vetoing the municipal budget. Unfortunately, like a virus, this deceptive and inaccurate information regarding the City's fiscal year 2020-2021 budget has begun to spread throughout our community. To set the record straight, here are the facts:

1. The City's PROJECTED ending fund balance for the General Fund (this is the portion of the budget funded mostly by property taxes) for the 2020-2021 budget is NOT at 62% of operational expenses. The PROJECTED fund balance, which is an estimate of how the budget will end 16 months from now, is anticipated at 44% of operational expenses.
2. Even before the City starts operating under the budget for 2020-2021 on July 1, we expect this projected ending balance to **decrease** due to expenses from COVID-19, higher than anticipated insurance renewals, and the continued trend of costly repairs to outdated facilities, none of which we can predict in the budgeting process.
3. The City's property tax rate in the 2020-2021 budget is \$13.63/\$1,000 of valuation. It is true this number is an increase from the prior year's rate; however, simply looking at the rate alone does not provide the full picture. Here are the other factors that need to be considered:
 - a. **Tax Bill** – Your tax bill helps fund the City, County, the Indianola School District and a few other smaller entities. The total tax rate for the City, County and School District for 2020-2021 will be \$38.49, compared to the current rate of \$38.46.
 - b. **Valuation** - In the last four years, our community added more than \$173 million in valuation and surpassed the \$1 billion valuation mark. This means that the cost of providing you services is spread out over a larger number.
 - c. **Rollback** – The State dictates to communities how much of the valuation can be taxed (aka Rollback) based on property type. The current rollback for single family homes is at 57%, but for the 2020-2021 budget, this will drop to 55%. For apartment complexes and other multi-family residences, this drops from 75% to 71%. While this reduces the amount of taxes owed by a property owner, it also reduces the amount of revenue cities, counties and school districts collect to provide vital services to our community.

- d. **Your Impact** – The following is a formula comparing the estimated property tax impact for a home valued at \$200,000, using the combined tax rate for the City, County and School District:

2019-2020 – Property Tax Rate

[(Property Value x 0.57 Rollback Percentage)/1,000] x Property Tax Rate = estimated property tax

Example: [(\$200,000 x 0.57)/\$1,000] x \$38.46 = \$4,384.44

2020-2021 – Property Tax Rate

[(Property Value x 0.55 Rollback Percentage)/1,000] x Property Tax Rate = estimated property tax

Example: [(\$200,000 x 0.55)/\$1,000] x \$38.49 = \$4,233.90

4. The 2020-2021 budget anticipates approximately \$400,000 more in revenue over last year's budget. This will be used to correct deficiencies in public safety staffing by adding two more police officers with necessary equipment, while also adding an additional full-time and part-time employee in the library. These actions are necessary to continue to provide you with reliable and appropriate services. We believe the enhanced public safety staffing is a critical priority for this budget especially during this current crisis.

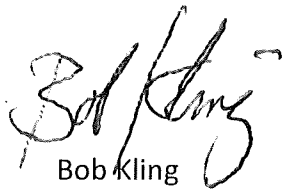
We hope that this information is helpful to not only clear up the unfortunate misinformation, but also demonstrate the holistic view we take when fulfilling our sacred commitment to you.

If there are questions, or you would like to visit on this or other matters, please contact us via the information on the City's website.

Sincerely,



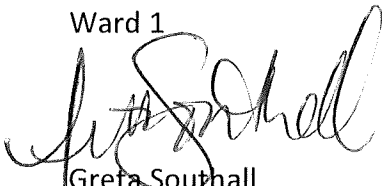
John Parker, Jr.
Council Member
Ward 1



Bob Kling
Council Member
Ward 2



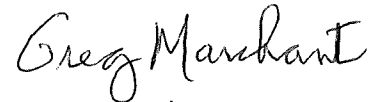
Gwen Schroder
Council Member
Ward 3



Greta Southall
Mayor Pro Tem
Council Member
Ward 4



Heather Hulen
Council Member
At-Large



Greg Marchant
Council Member
At-Large