



Citizen's Guide to the Budget

City of Mason City, Iowa
FY 2026



Mayor's Welcome

Dear Mason City resident,

As you know, property taxes can be one of the largest expenses for homeowners. Keeping them low provides working families with much needed financial relief. This *Citizen's Guide to the Budget* demonstrates how hard Mason City has worked to achieve that.

You will be receiving a separate statement about March 20th as mandated by the Iowa Legislature. The mailing you will be receiving is intended to show the proposed tax asking for the city, county, and school district for the upcoming budget year.

(Examples can be seen below). **Unfortunately, the state mandated format does not accurately reflect the situation in Mason City.** It suggests that every property's taxable valuation in the city increased by 10% over the past year. **This is not correct.** The actual average increase was 1.65%. Furthermore, the proposed tax asking by the city for next year is just 0.8% higher than this year.

You will also discover inside this *Citizen's Guide to the Budget* how Mason City's tax rate compares with similar-sized cities (**Page 3**), our largest expenditures (**Page 2**), and the stability of Mason City's tax rate (**Page 3**).

We hope you find this helpful.

Sincerely,

-Mayor Bill Schickel

Proposed Tax Levy Notice

As required by Iowa Code Chapter 24.2A, each property taxpayer will receive a notice informing them of the upcoming School, County, and City public hearings on their tax askings for the next fiscal year (each entity's fiscal year starts July 1). Examples of the City portions of this notice for the coming year are shown and described below:

Mason City Public Hearing on Proposed Property Taxation for Fiscal Year July 1, 2025- June 30, 2026

Date: 3/25/25	Time: 7:00 pm	Location: Mason City Public Library, Mason City Room, 225 2nd Street SE, Mason City, IA 50401
----------------------	----------------------	--

Telephone: 641-421-3613

Website: www.masoncity.net

	Current Property Tax	Current Tax Rate	Effective Tax Rate	Proposed Prop Tax	Proposed Tax Rate
General Non-Ag	17,615,269	13.983290	13.883970	17,756,086	13.977920
Ag Only	30,405	3.003750	2.918760	31,291	3.003750

Narrative: This section provides information on the current level of taxation compared to what is proposed. The City's tax rate, measured in dollars per thousand of valuation, is currently \$13.98329, and is proposed to be \$13.97792; for every thousand dollars in valuation before any credits or limitations, a property taxpayer pays roughly \$13.98 to the City for its services. The City's overall tax asking is proposed to increase by just 0.8%, well below the rate of inflation.

The hypothetical example below compares the amount of property taxes on a Residential property with a value of 100,000 in the current year and 110,000 in the proposed year:

Taxing Authority	Tax Using Current Tax Rate	Tax Using Proposed Tax Rate	% Change
Mason City	\$648	\$729	12.50%

The hypothetical example below compares the amount of property taxes on a Commercial property with a value of 300,000 in the current year and 330,000 in the proposed year:

Taxing Authority	Tax Using Current Tax Rate	Tax Using Proposed Tax Rate	% Change
Mason City	\$2,860	\$3,259	13.95%

Narrative: This section provides a hypothetical tax calculation. Please note that this calculation does not conform to reality in Mason City or much of Iowa, since it suggests to the taxpayer that every property valuation in Mason City increased by 10% in the past year; the actual average percentage was 1.65%. As stated above, the City's proposed tax asking is just 0.8% higher than the current year's. Many property taxpayer also have credits such as Homestead that further reduce their actual taxes.

City Budget Overview

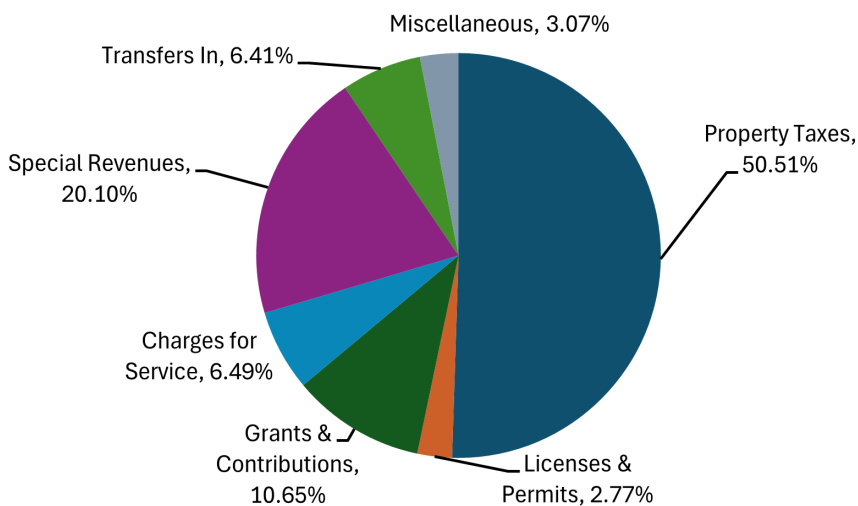
City departments include: Police, Fire/Ambulance, City Engineer/Water Supply, Development Services (Building, Zoning, Transit, Code Enforcement), Library, Museum, Recreation (Golf, Pool, Arena), Cemetery, Human Resources, Finance (IT, GIS & Grant Administration), Administrator/Clerk, Airport, and Operations & Maintenance (Parks, Streets, Sanitation, Internal Services, Water Distribution, Sewer Collection & Water Reclamation Plant). The City budget consists of several types of expenditures, with budgets shown for Fiscal Year 2026 (July 1, 2025-June 30, 2026):

- General Fund (basic services): \$23 million
- Special Revenues (roads, employee benefits, hotel/motel tax, local option sales tax, housing, non-permanent trust funds, self-insured health fund): \$22 million
- Tax Increment Financing (economic development activities): \$3 million
- Debt Service (payments on debts incurred for projects): \$9 million
- Governmental Capital Projects: \$14 million
- Business-Type Operations & Projects (Water, Sewer, Sanitation): \$76 million

The total budget to support all services and public projects for the proposed FY26 budget is \$128 million. The budget includes upgrades to both water and wastewater plants that typically only occur every 20 years. The cost of those improvements combined is \$44 million.

How City Operations are Funded, and What Is Funded

General Revenues by Type, FY26 Budget

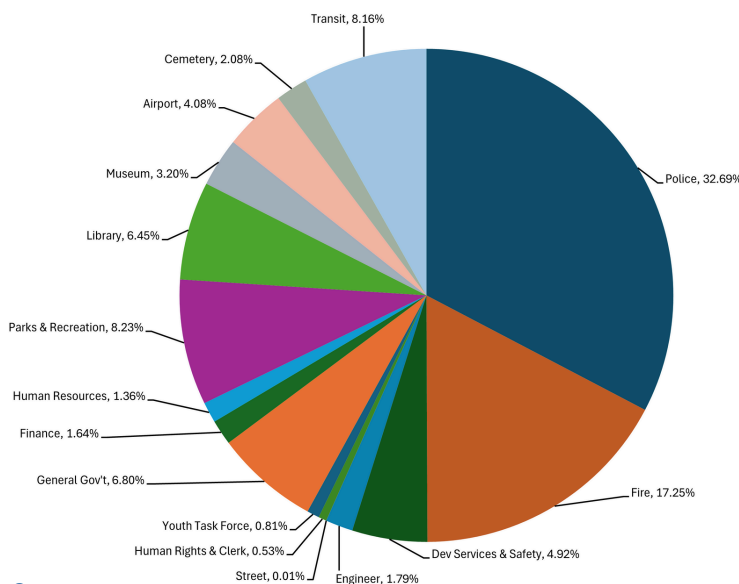


Property taxes are the primary funding source the City has available for its basic services, funding around 51% of the total. Other major sources include Local Option Sales Tax (included in “special revenues”), charges for services such as pool admission or recreation program fees, and license & permit fees. Grants are occasionally available for operating costs such as hiring new police or fire positions but more typically fund items like public transit or airport services.

Public safety (police and fire) accounts for just over ½ of the City’s general fund. These departments do not produce much revenue, so much of the City’s general levy directly supports public safety.

Departments such as cemetery, recreation, and development services produce a significant amount of fee revenue but still require some property tax subsidization.

City of Mason City: General Fund Expenditure Share by Dept- FY26



Comparisons to Other Communities

Mason City (as this chart shows) has the lowest tax rate of six comparable size cities.

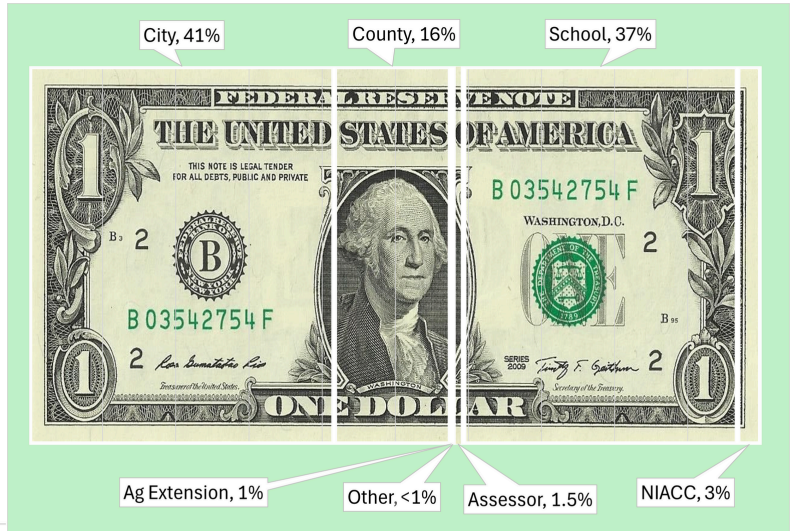
While each community has its own unique assets and challenges, Mason City tends to compare very well to similar communities in property tax burden. The same tends to be true on comparisons across a broader spectrum.

Entity	FY26 Taxable Valuations	FY25 City Rate (\$/1000)	FY25 Consolidated Rate (\$/1000)
Mason City	1,372,634,535	13.98329	33.57251
Clinton*	1,132,907,427	15.28735	42.07744
Burlington	936,973,526	15.43637	37.56979
Marshalltown	1,078,802,302	16.00000	39.36213
Muscatine**	1,132,336,530	15.67219	37.55778
Ottumwa	761,629,644	20.80779	44.42727
Fort Dodge	941,701,731	20.95500	44.46939

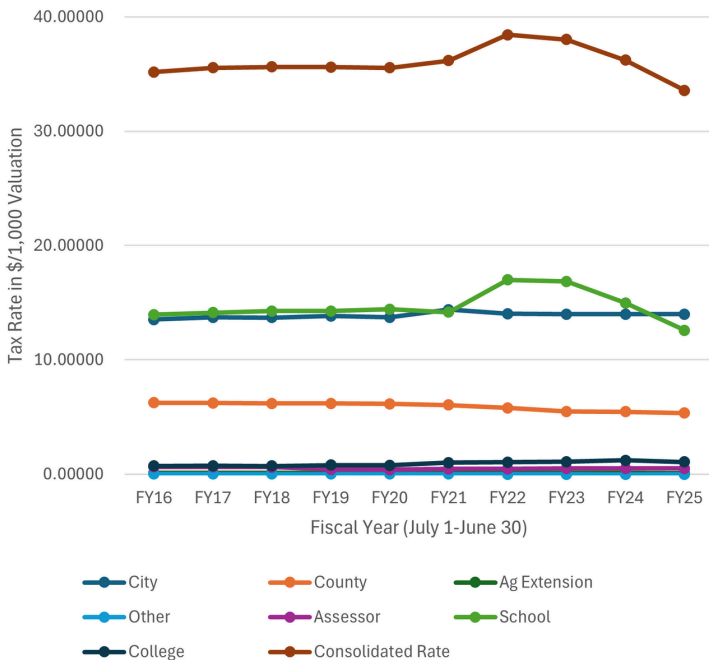
* Clinton has gas & electric franchise fees; ** Muscatine has a gas franchise fee

Your Property Tax Dollar

The “consolidated rate” mentioned in the above graphic is the total tax rate upon which property owners pay their taxes. This includes City, County, School, NIACC, and other entities such as agricultural extension, city assessor, and state levies (the state derives its revenue primarily from sales and income tax, not property tax). Here is a breakdown of those levies for the current fiscal year (FY25):



Property Tax Rate by Entity, Last 10 Years



The Consolidated Levy Over Time

Rates for the various entities can fluctuate over time for a variety of reasons, but here is the trend over the past 10 budget years.

The City property tax levy rate has fluctuated between \$13.51/\$1,000 and \$14.38/\$1,000 during this period. As stated above, the current levy is \$13.98829 and the proposed levy is \$13.97792.

Mason City Strategic Plan - Policy Agenda

The Mayor and City Council annually update the City's Strategic Plan and set goals for the next two calendar years. The City's top priorities for 2025 and 2026 are:

- Initiate **Redevelopment of Southbridge Mall** with Focus on Family Entertainment and Conference Center Uses
- Continue to Promote **Broad-Based Housing Initiatives** with Focus on Increased Owner-Occupied Development
- Conduct Downtown Assessment to **Evaluate Beautification, Bike & Pedestrian-Friendliness**, and Other Factors
- Evaluate and Develop **Comprehensive Marketing, Communications, and Public Relations Strategy**, and Encourage **Coordinated Promotion of Existing Assets** such as Music, Arts, Architecture, and Outdoor Recreation

For more details on the Strategic Plan, please visit: www.masoncity.net/strategicplan.

Local Option Sales & Service Tax ~ City of Mason City Public Safety Services

What is the Local Option Sales & Service Tax (LOSST)?

The Local Option Sales & Service Tax (LOSST) is a 1% tax on some sales and services purchases in Mason City. It is allocated primarily for public safety and property tax relief.

Fire Department



Fire engines/vehicles Bunker gear
Mobile & handheld radios



Rescue equipment
Station renovation
New boiler/HVAC
Concrete replacement



Extrication rescue tools
Self-Contained Breathing Apparatus

MC Police Department



Patrol vehicles Equipment
Body cameras Radios



New evidence lockers
Station renovation
Concrete replacement
Tasers



Updated offices and interview rooms
New classroom technology in training room



Whenever you see this sign,
be assured that LOSST investment
is protecting our community

Every LOSST dollar contributes to a safer community

An estimated over **6.6 million dollars** has been allocated toward public safety projects and equipment for fiscal years 2014-2025



Further reading on projects:
www.masoncity.net/cip

Further reading on budget:
www.masoncity.net/budget

How to stay informed:
www.masoncity.net/publicinfo