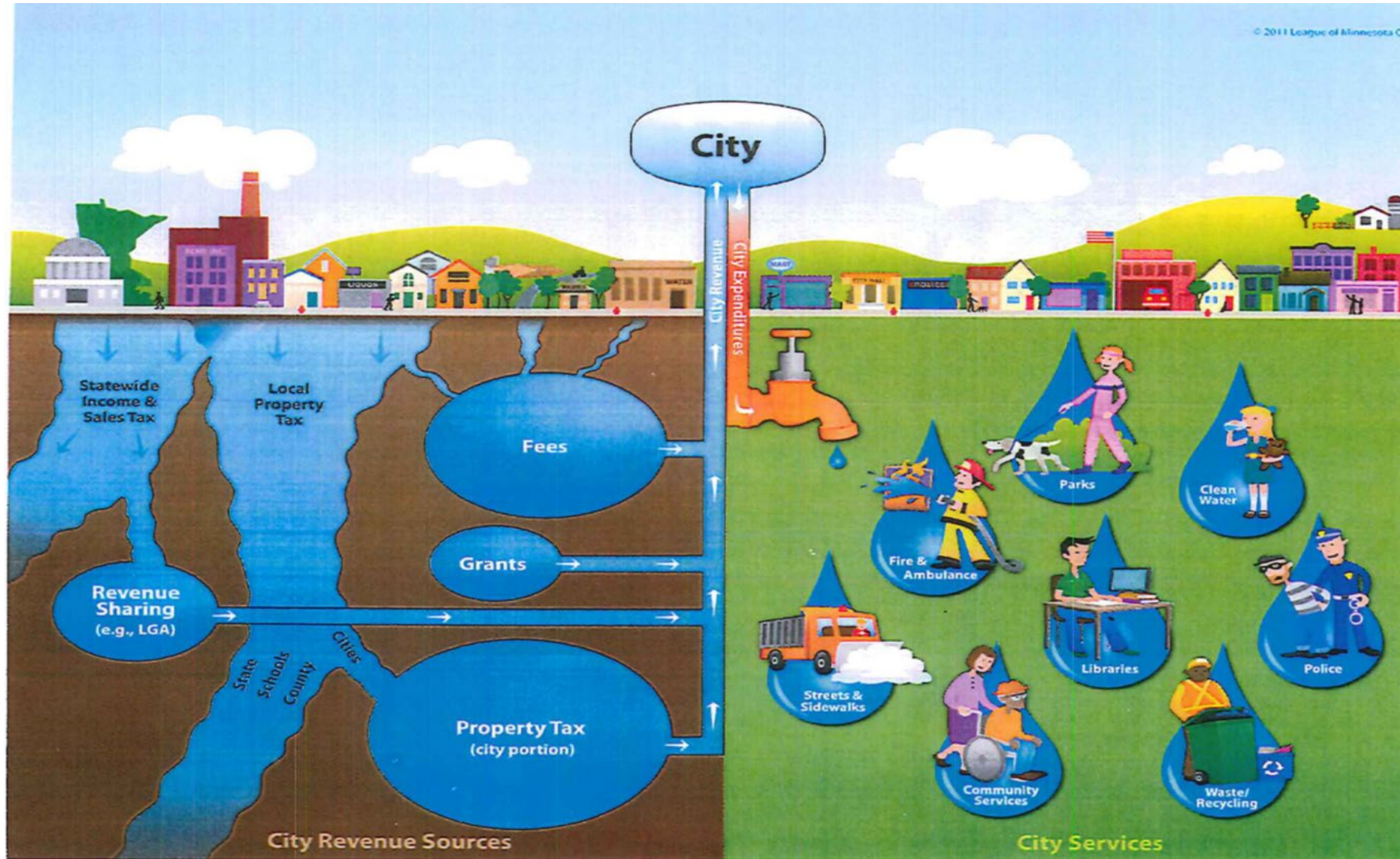


Truth and Taxation

Purpose of this meeting is to present the City's Proposed 2020 Budget and to receive public input and comments

Where do Cities get their money?



Budget Changes can occur from Year to Year

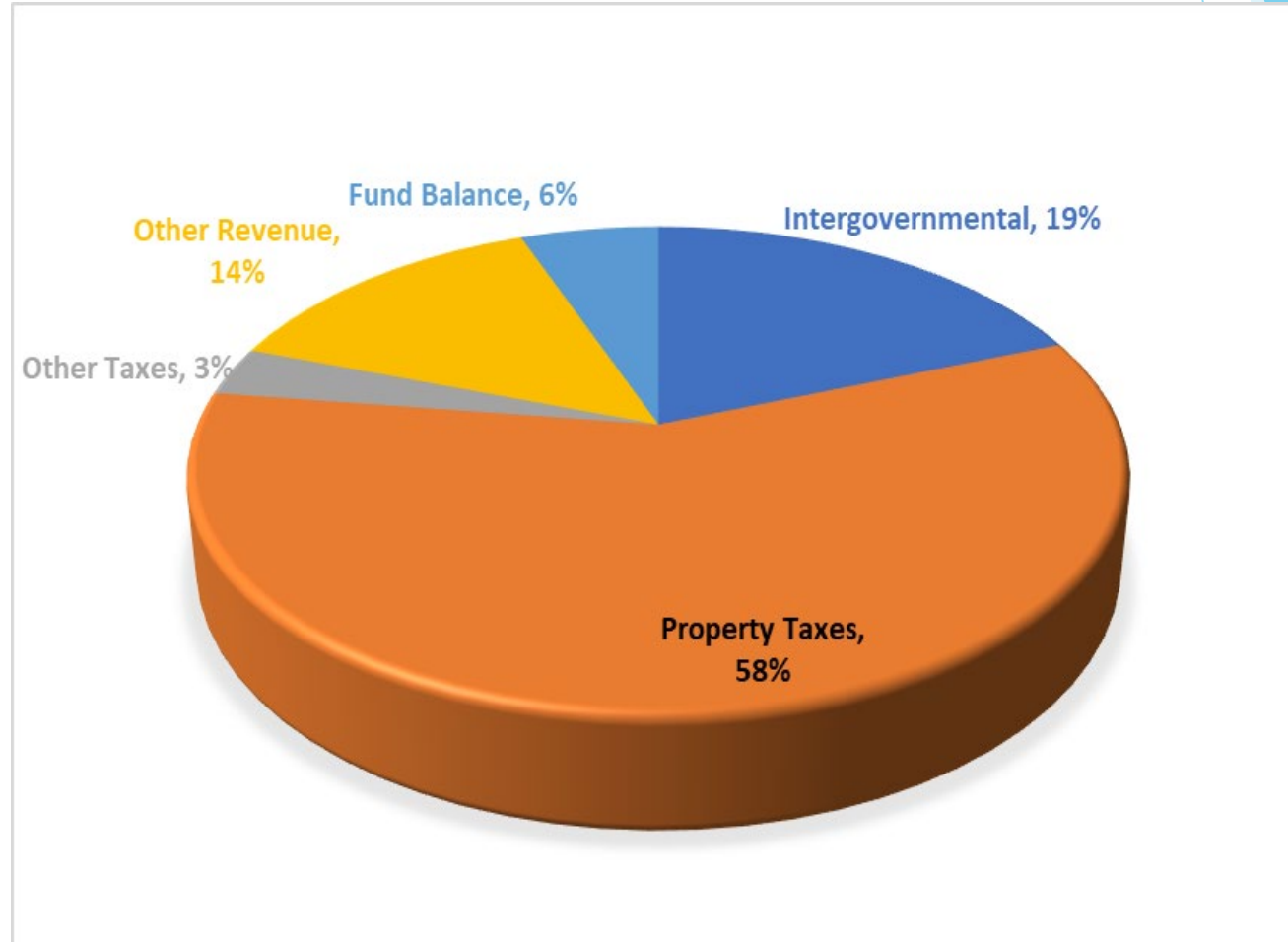
- ▶ Factors that can influence the budget
 - ▶ Inflation
 - ▶ State Mandates
 - ▶ Council Initiatives
 - ▶ Citizens Ideas
 - ▶ State Law Changes: Homestead Exclusion, Property Tax Formulas
 - ▶ Federal Law Changes: i.e. Health Care
 - ▶ Tax Increment Districts
 - ▶ Public Safety
 - ▶ Infrastructure

Total Budget \$8,465,215

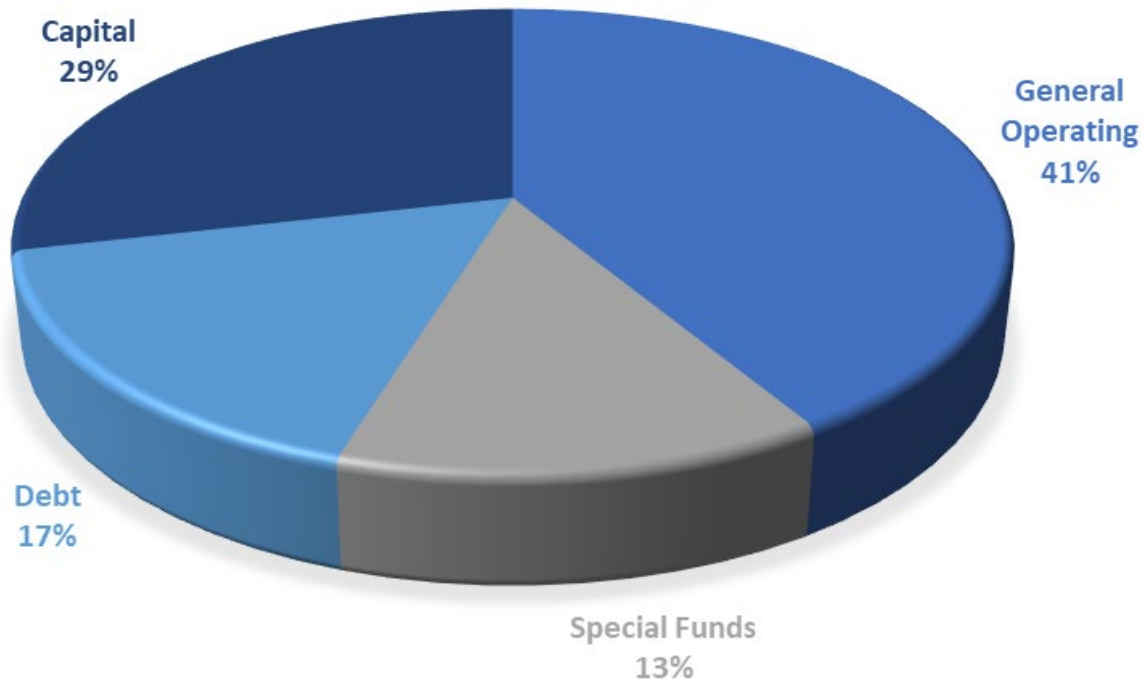
- ▶ Two segments make up the total budget
 1. Governmental Funds - \$6,070,279
General, Special, Debt, Capital
 2. Enterprise Funds - \$2,394,939
Water, Sewer, Storm Sewer
- ▶ YTY increase of 2.45%

General Government Total Budget for Revenue

- 1 Intergovernmental
(State Aid, County, Library)
\$ 1,155,006
- 2 Property Taxes
(Referendums, Levies)
\$ 3,514,029
- 3 Other Taxes
(TIF, Special Assessments)
\$ 196,786
- 4 Other Revenues
(Rent, Fees, Licenses, Donations,
Fines, Interest)
\$ 836,976
- 5 Fund Balance
\$ 345,709



General Government Total Budget for Expenditures



General Operating
(wages, utilities,
supplies, benefits)
\$2,511,194

General Government, Streets,
Grounds, Pool, Park, Law
Enforcement, Solid Waste, Street
Lighting, Animal Control

Special Funds
\$813,466

Library, Economic Development,
Fire, Civic Center, Revolving Loan

Debt
\$1,009,030

CIP & Utility Bonds

Capital
\$1,736,589

Capital Building & Equipment, TIF
Districts, Fire Dept. Capital
Equipment

EXPENDITURES - General & Special Funds

▶ *General Government	\$ 676,087
Administration, Mayor & Council, Finance, Planning/Zoning, Insurance (Liability & General)	
▶ *Law Enforcement	\$ 551,254
▶ *Emergency Services	\$ 11,300
▶ *Parks	\$ 325,736
▶ *Solid Waste (dump)	\$ 9,700
▶ *Animal Control	\$ 700
▶ *Streets	\$ 591,688
▶ *Swimming	\$ 255,829
▶ *Softball Program	\$ 7,100
▶ *Signal Lights	\$ 2,200
▶ *Street Lighting	\$ 71,400
▶ *Unallocated	\$ 8,200

▶ Special Funds	
▶ *Library	\$ 347,767
▶ *Economic	\$ 129,086
▶ *Fire Dept	\$ 211,400
▶ *Civic Center	\$ 73,513
▶ *Revolving Loan	\$ 51,700

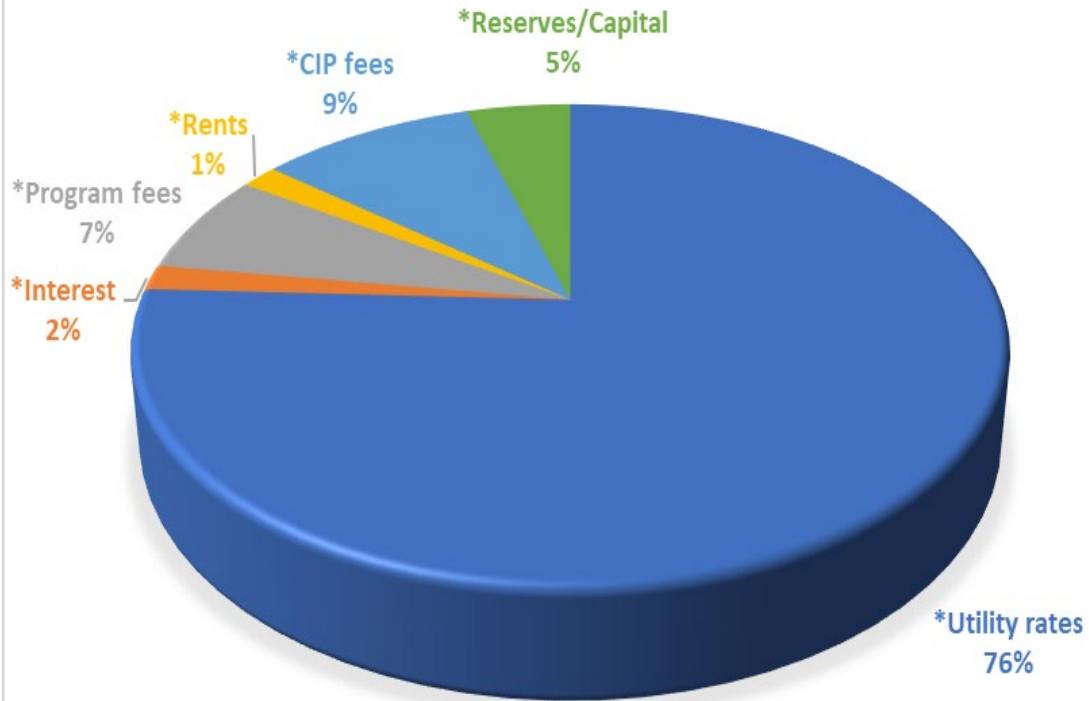
Expenditures include:
Wages, Insurance, Supplies,
Utilities, Maintenance, Contractual
Services, Tools, Equipment...

ENTERPRISE FUNDS

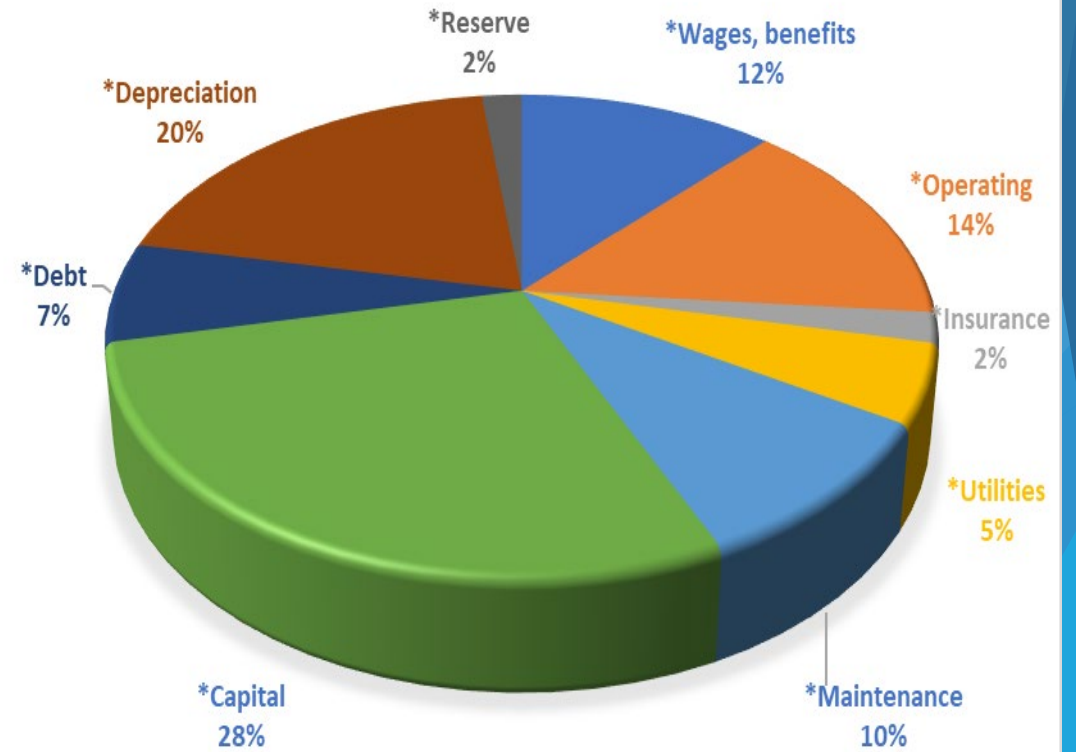
- ▶ General Government Fund operations are funded by tax dollars and the property tax system is determined by the State Legislature.
- ▶ Enterprise operations are similar to a for-profit commercial business.
- ▶ Enterprise operations collect fees that are established by the City through a rate structure and CANNOT use property taxes.
- ▶ Established fees must:
 - ▶ Cover all operating costs
 - ▶ Pay for capital improvements and expansion
 - ▶ Fund reserves
 - ▶ Be equitable and affordable
- ▶ Information from Ehlers Advisor (Sept 2007)

ENTERPRISE FUNDS

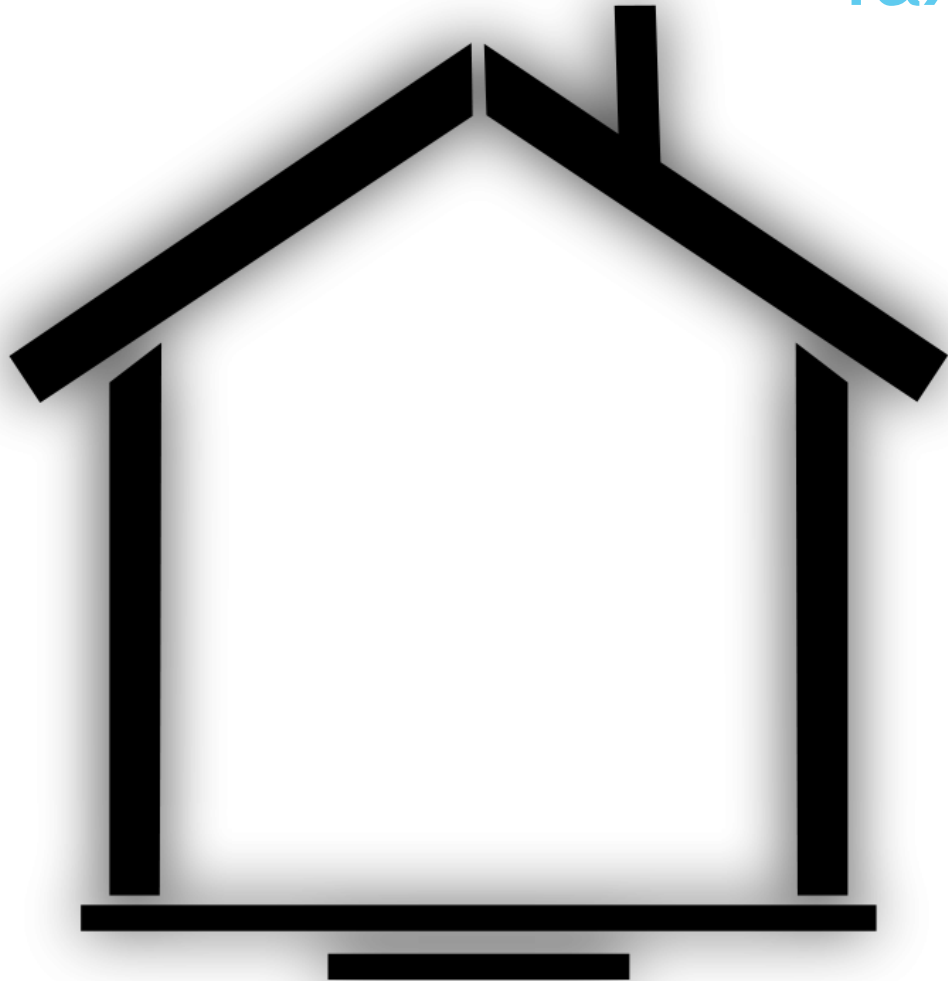
REVENUE



EXPENSES



Factors That Make-up Your Property Taxes



- ▶ State Formulas based on type of property
- ▶ Assessed Market Value
 - ▶ (Olmsted Co Assessor's Office)
(Board of Review in April)
- ▶ School Levy
- ▶ City Levy
- ▶ County Levy
- ▶ State Tax
 - ▶ (commercial/industry)
- ▶ School Referendum
- ▶ Fire Hall Referendum
- ▶ Pool Referendum

Tax Capacity Rate Formula

- ▶ $A/B = C$
- ▶ A = City Certified Levy
- ▶ B = Tax Capacity Market Value
- ▶ C = City Tax Capacity Rate
- ▶ Current Formula: $\$3,201,600 / \$4,813,484 = 65.51\%$

2020 City Certified Levy

- ▶ Certified Levy \$ 3,201,600
- ▶ Does not include Pool (\$138,010) or Fire Hall (\$129,019) Referendum
- ▶ Levy increase of \$173,495 from 2019
 - ▶ This increase is \$ 53,581 less than proposed
 - ▶ YTY this is \$64,346 less than 2018 to 2019

Assessed Market Value

2019

\$430,169,300

Increase of \$26,350,600

New Construction

\$3,583,700

Re-valuations

\$22,766,900

2020

\$455,370,300

Increase of \$25,201,000

New Construction

\$5,303,000

Re-valuations

\$19,898,000

TAX CAPACITY RATE

- ▶ Total Tax Capacity Rate for General Operating

	<u>2019</u>	<u>2020</u>
▶ City Rate	66.016%	66.513%
▶ County Rate	51.165%	51.994%
▶ School Rate	23.325%	24.698%

- ▶ Plus Referendum (based on Market Value)

▶ School	0.16343%	0.17996%
▶ Pool & Fire Hall	0.62820%	0.05947%

- ▶ Completion: Pool 2026, Fire hall 2033

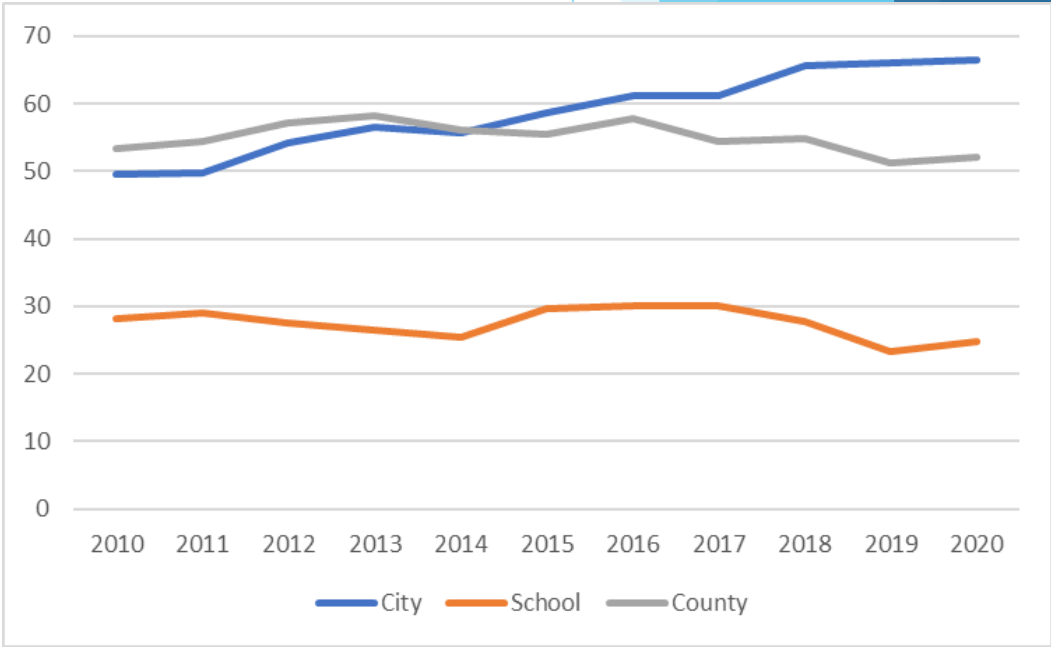
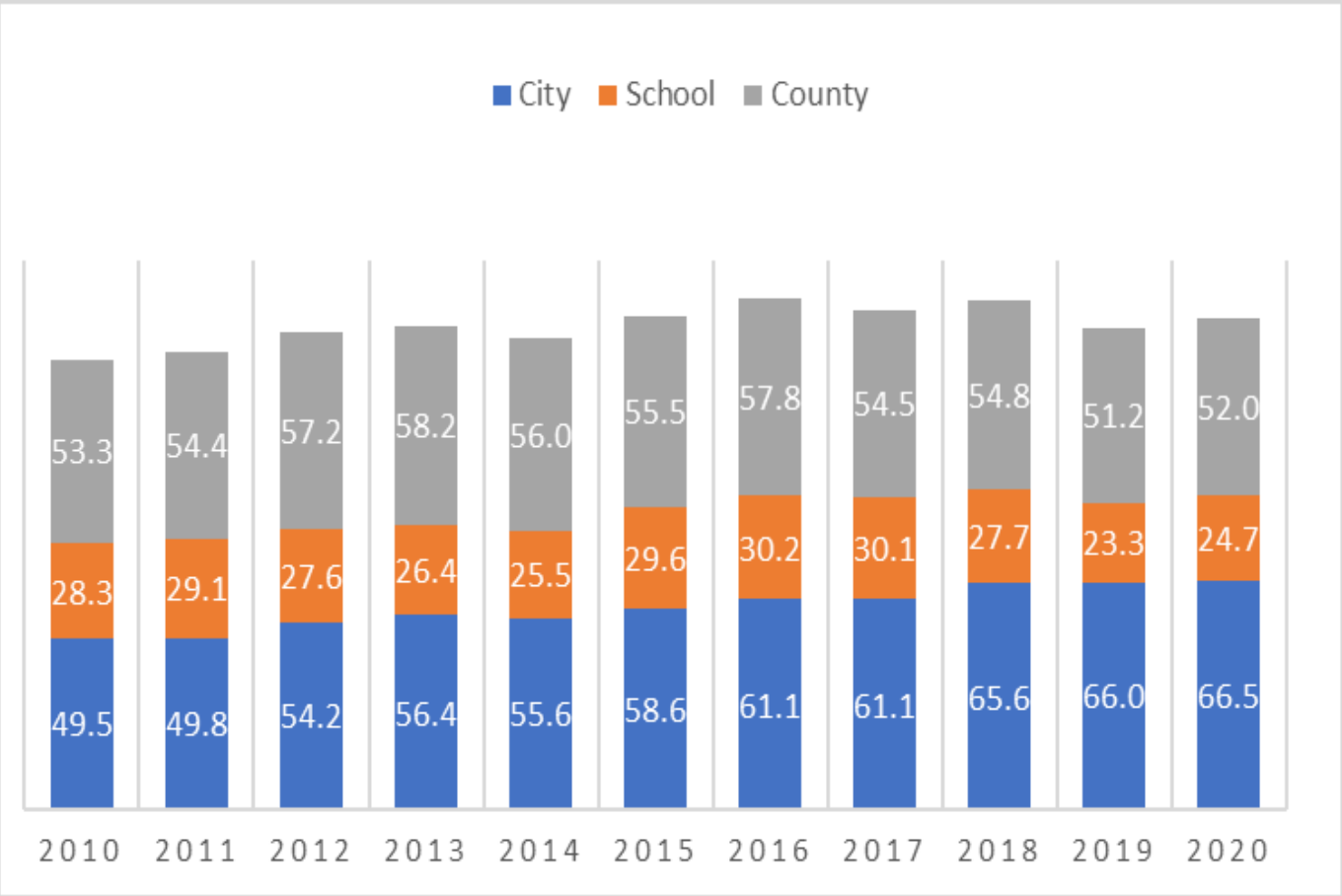
Residential Property Tax Example

	2019	2020	Change	If Increase In MV	Change
Assessed Value	\$190,100	190,100		\$201,100	\$11,000
Value after State Homestead Exclusion	\$171,059	\$171,059		\$181,959	
City Levy – General Operating	\$1,123	\$1,138	\$15	\$1,210	\$72
County Levy	\$875	\$889	\$14	\$946	\$57
School Levy	\$399	\$422	\$23	\$449	\$27
School Referendum (based on original assessed value)	\$316	\$308	(\$8)	\$327	\$19
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$117	\$102	(\$15)	\$108	\$6
TOTAL TAX	\$2,830	\$2,859	\$29	\$3,041	\$182

Commercial Property Tax Example

	2019	2020	Change
Assessed Value	\$500,000	\$500,000	
State Tax	\$3,287	\$3,023	(\$264)
City Levy – General Operating	\$6,109	\$6,152	\$43
County Levy	\$4,739	\$4,809	\$70
School Levy	\$2,171	\$2,285	\$114
School Referendum (based on original assessed value)	\$817	\$900	\$83
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$314	\$297	(\$17)
TOTAL TAX	\$17,437	\$17,466	\$29

Property Tax History (Tax Capacity Rate)



Historical Data 2014 - 2020

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Tax Capacity Rate	55.791	58.614	61.115	65.433	65.646	66.016	66.51
+ or – change	-0.64	2.82	2.50	4.32	0.21	0.37	0.50
Levy plus pool & fire hall referendum	\$2,241,248	\$2,434,233	\$2,552,587	\$2,894,905	\$3,058,065	\$3,298,321	\$3,468,629
% of change	6.79%	8.61%	4.86%	13.41%	5.64%	7.86%	5.16%
General Government Budget	\$4,106,412	\$4,531,988	\$4,737,194	\$5,365,828	\$5,626,127	\$6,055,720	\$6,070,279
% of Change	8.43%	10.36%	4.53%	13.27%	4.85%	7.64%	0.24%

Thank you for Coming!

Questions?

