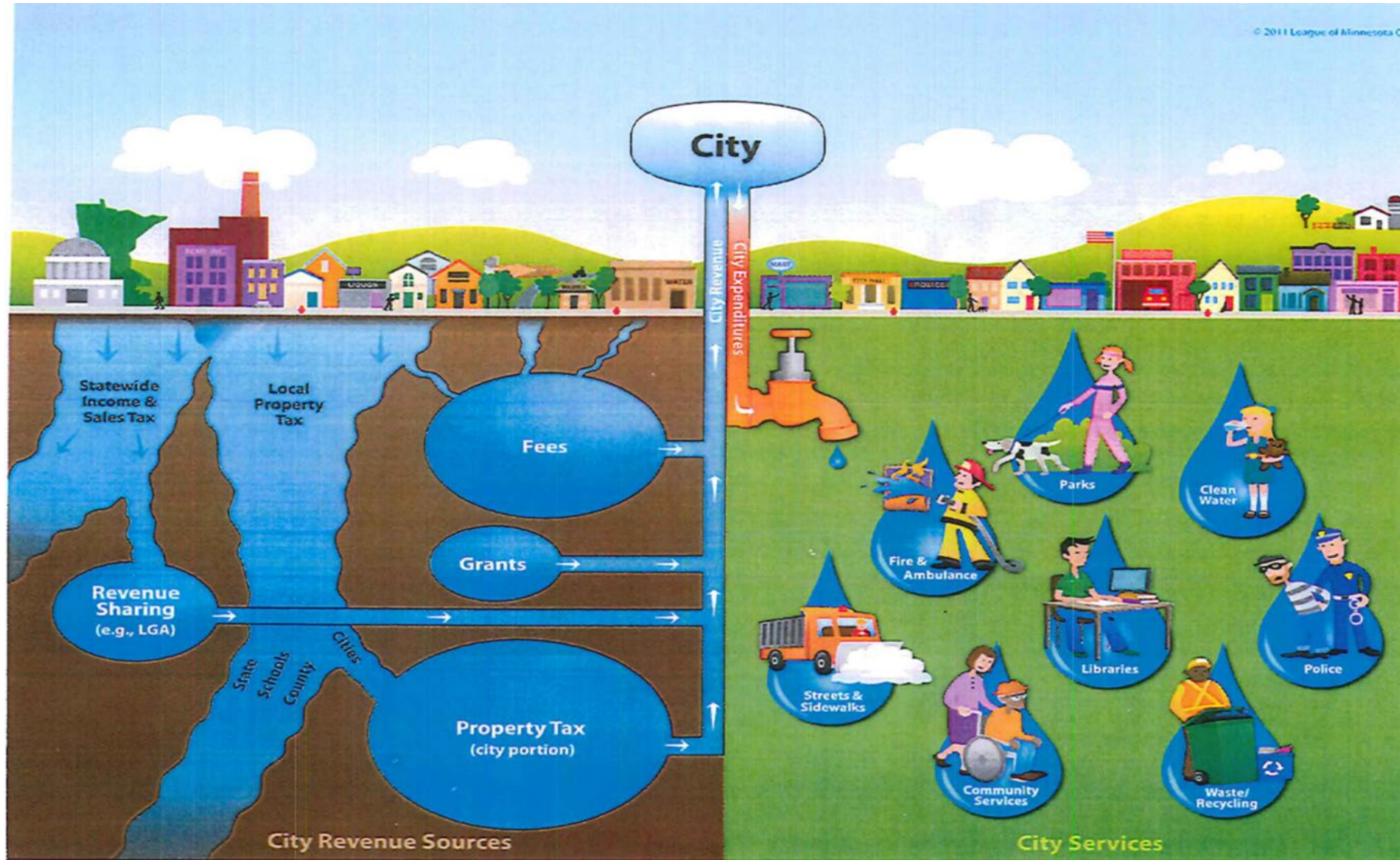


Truth In Taxation

Purpose of this meeting is to present the City's Proposed 2022 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 \$9,045,242

▶ Two segments make up the total budget

1. Governmental Funds - \$6,726,292

General, Special, Debt, Capital

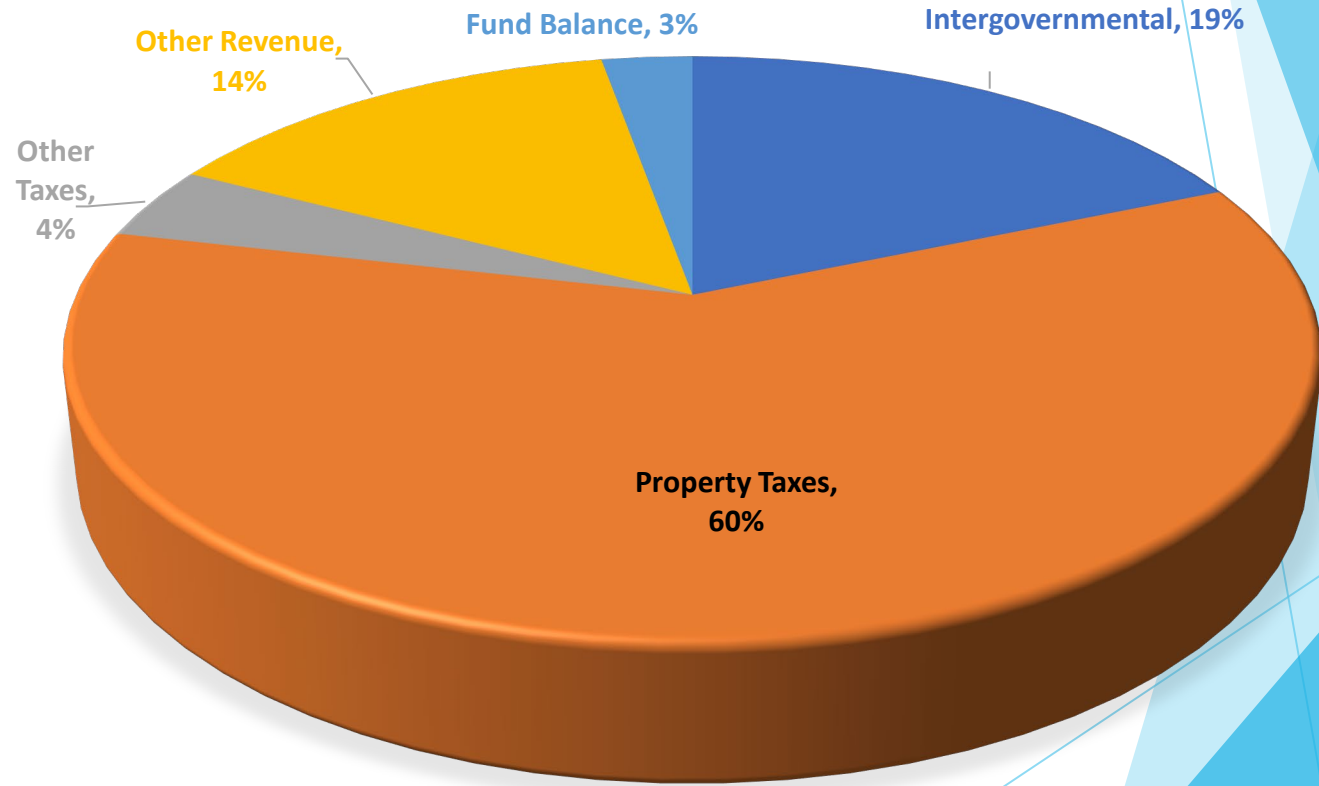
2. Enterprise Funds - \$2,318,950

Water, Sewer, Storm Sewer

▶ YTY increase of 4.869%

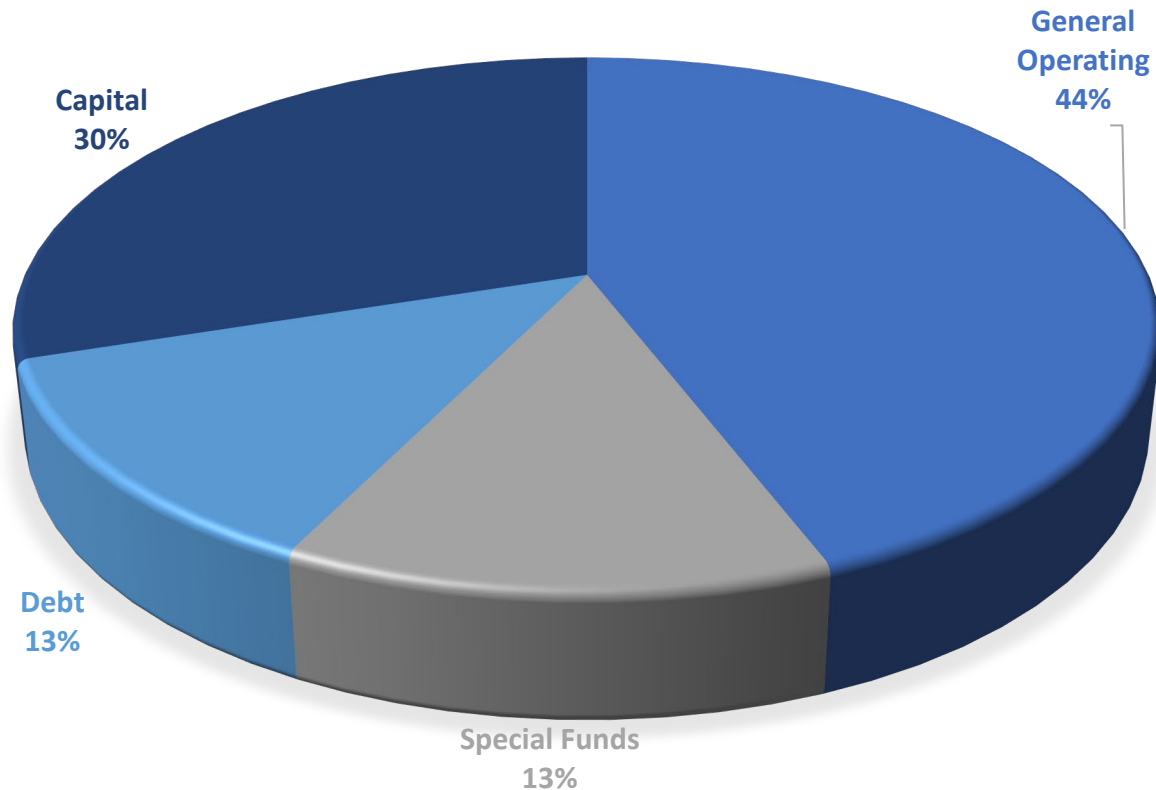
General Government Total Budget for Revenue

- 1 Intergovernmental**
(State Aid, County, Library)
\$ 1,251,299
- 2 Property Taxes**
(Referendums, Levies)
\$ 4,037,195
- 3 Other Taxes**
(TIF, Special Assessments)
\$ 272,796
- 4 Other Revenues**
(Rent, Fees, Licenses, Donations,
Fines, Interest)
\$ 976,243
- 5 Fund Balance**
\$ 188,759



Revenue percentages are within +/- 1% of the 2021 allocations

General Government Total Budget for Expenditures



Expenditure percentages are within +/- 2% of the 2021 allocations

General Operating
(wages, utilities,
supplies, benefits)
\$2,995,790

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

Special Funds
\$882,436

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

Debt
\$854,533

CIP & Utility Bonds

Capital
\$1,993,533

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

EXPENDITURES - General & Special Funds

▶ General Government	\$ 817,950
Administration, Mayor & Council, Finance, Planning/Zoning, Insurance (Liability & General)	
▶ Law Enforcement	\$ 687,980
▶ Emergency Services	\$ 3,250
▶ Parks	\$ 373,495
▶ Solid Waste (Compost)	\$ 9,187
▶ Animal Control	\$ 350
▶ Streets	\$ 698,377
▶ Swimming	\$ 297,851
▶ Softball Program	\$ 7,000
▶ Signal Lights	\$ 2,350
▶ Street Lighting	\$ 87,000
▶ Unallocated	\$ 11,000

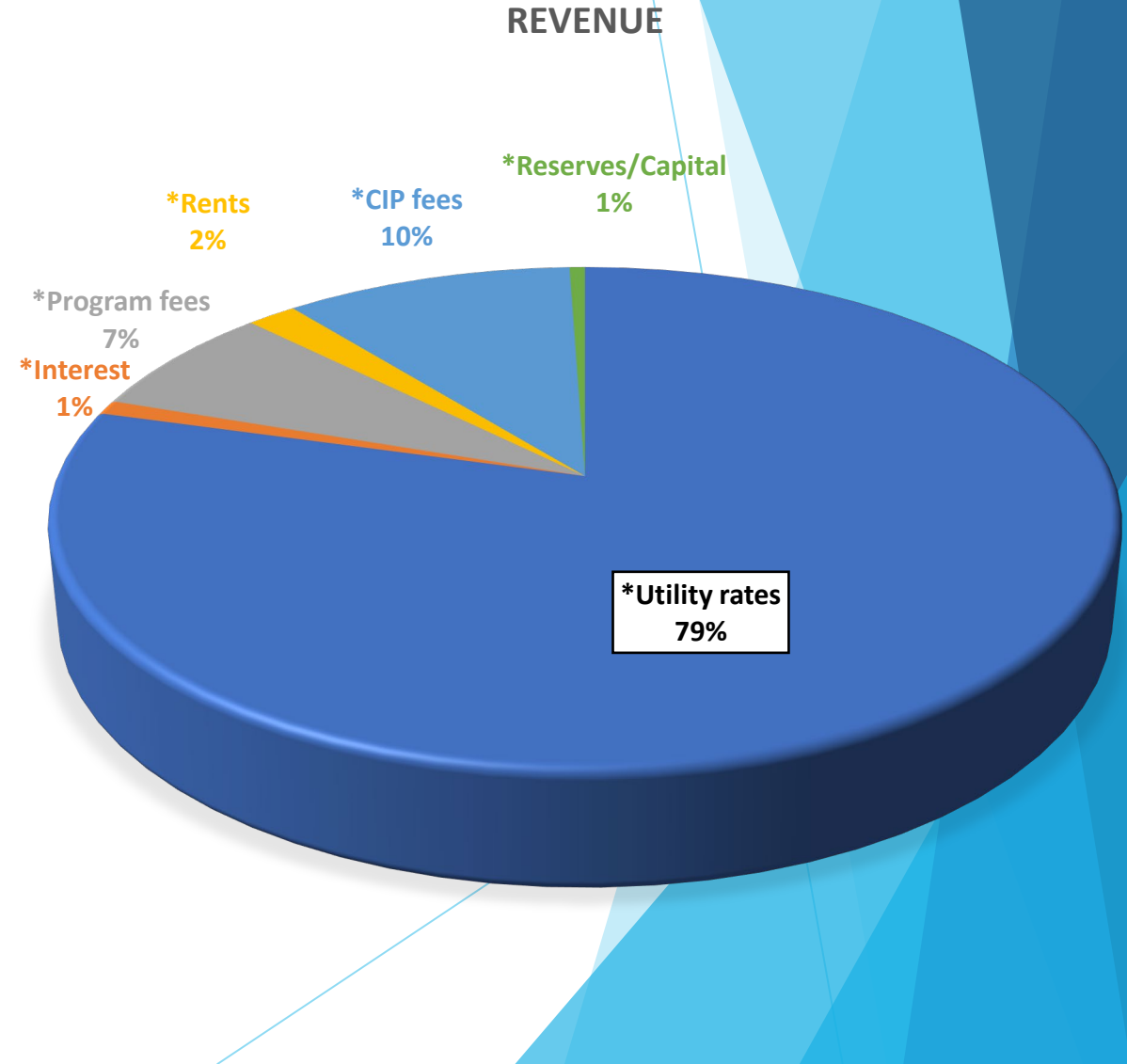
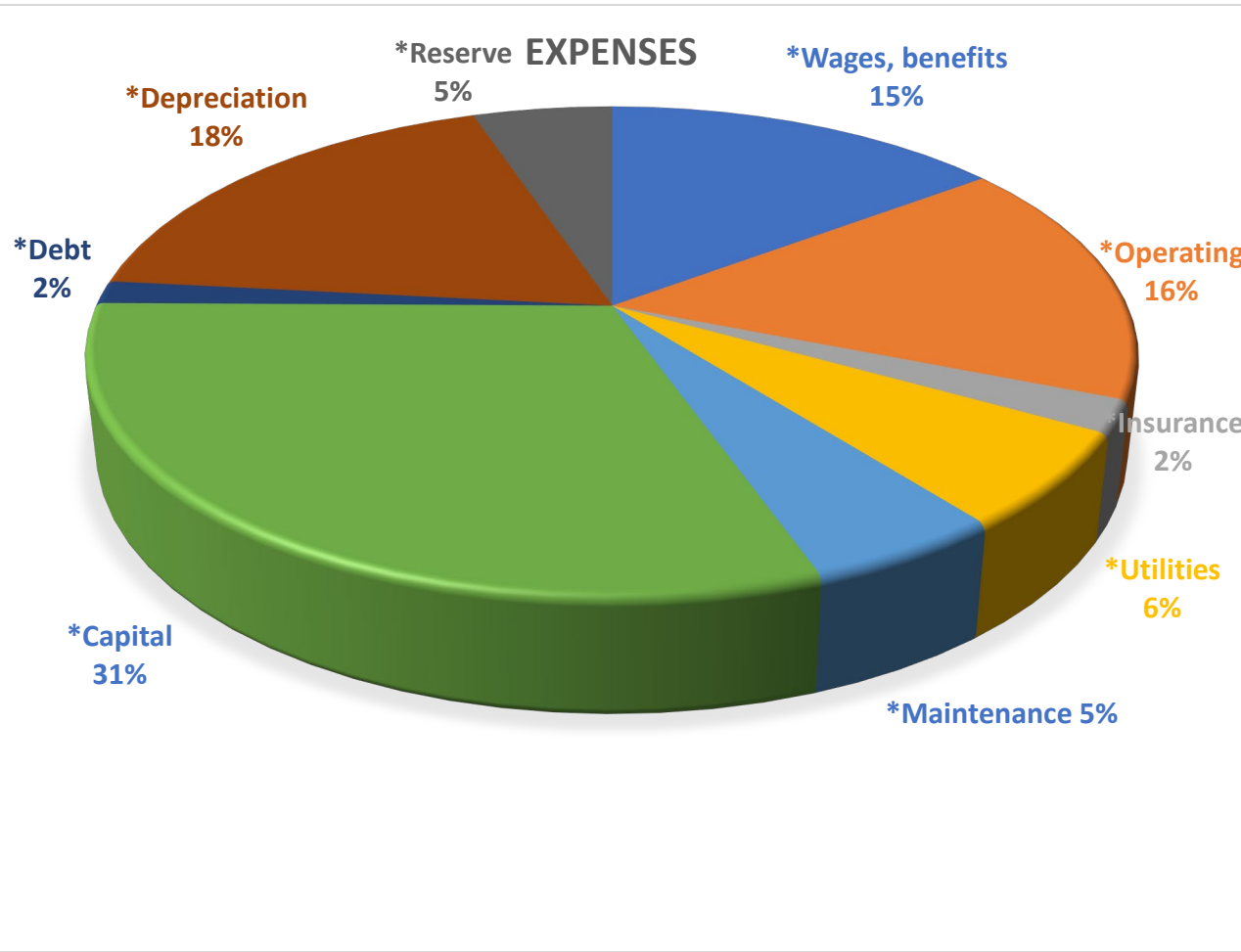
▶ Special Funds	
▶ *Library	\$ 369,420
▶ *Economic	\$ 177,146
▶ *Fire Dept	\$ 225,999
▶ *Civic Center	\$ 71,569
▶ *Revolving Loan	\$ 38,302

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

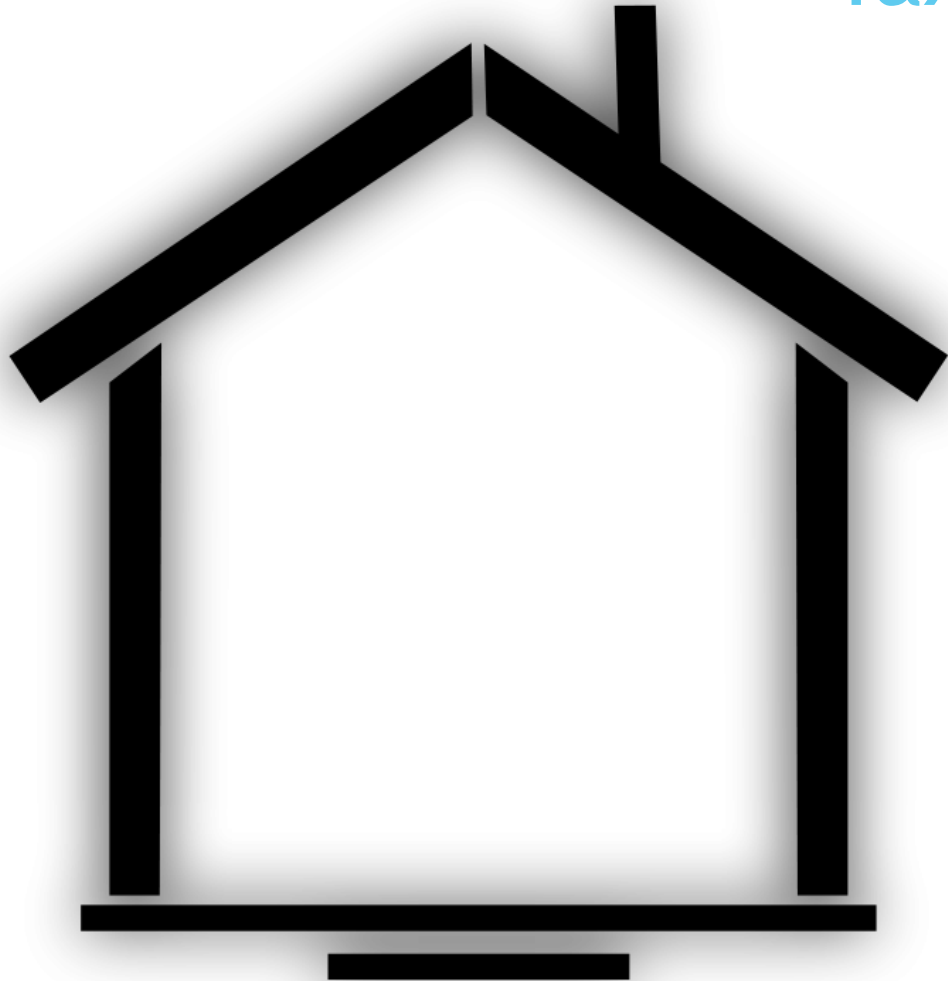
ENTERPRISE FUNDS

- ▶ 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



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:
 $\$3,760,729 / \$5,350,967 = 70.28\%$

2022 City Certified Levy

- ▶ Certified Levy \$ 3,760,729
- ▶ Does not include Pool (\$139,229) or Fire Hall (\$114,334) Referendum
- ▶ Levy increase of \$416,504 from 2021
- ▶ YTY this is 10.9% Total Levy increase with a 7.6% Tax Base increase

Assessed Market Value

2021

\$472,655,400

Increase of \$17,865,900

New Construction

\$2,583,800

Re-valuations

\$15,322,100

2022

\$507,720,900

Increase of \$35,065,500

New Construction

\$12,015,000

Re-valuations

\$23,050,500

TAX CAPACITY RATE

- ▶ Total Tax Capacity Rate for General Operating

	<u>2021</u>	<u>2022</u>
▶ City Rate	67.229%	70.281%
▶ County Rate	48.548%	48.984%
▶ School Rate	25.066%	25.020%

- ▶ Plus Referendum (based on Market Value)

▶ School	0.20968%	0.19820%
▶ Pool & Fire Hall	0.05797%	0.05064%

- ▶ Completion: Pool 2026, Fire hall 2033

Comparative Levy Data

LEVY DATA PER CAPITA				TAX CAPICITY RATE					
Population	City	City Levy Payable 2022	Per Capita	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
6312	Byron	\$4,728,898	\$749.19	67.04	68.45	69.5	66.09	64.37	67.8
2847	Caledonia	\$1,061,220	\$372.75	58.44	56.53	56.41	54.4	52.98	56.42
6851	Kasson	\$3,800,533	\$554.74	68.74	71.1	75.08	79.9	78.7	84.96
5261	Lake City	\$3,937,427	\$748.42	63.93	65.2	68.83	67.48	68.41	73.19
6687	Stewartville	\$3,760,729	\$562.39	70.3	67.2	66.92	66.02	65.65	65.43
3849	St. Charles*	\$1,586,141	\$412.09	47.12	41.14	41.3	43.9	45.39	43.66
2559	Wabasha	\$2,162,139	\$844.92	76		81	68.43	68.43	74.65

*St Charles has a City owned electric company that pays the City a payment in lieu of taxes.

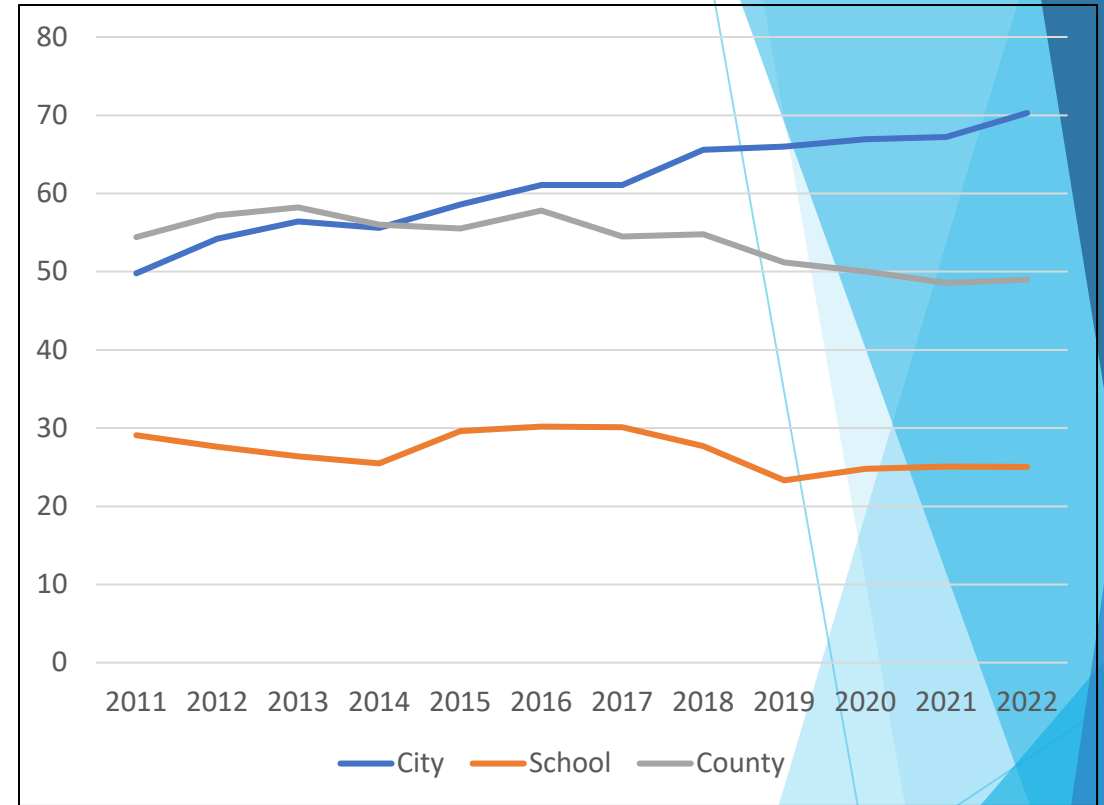
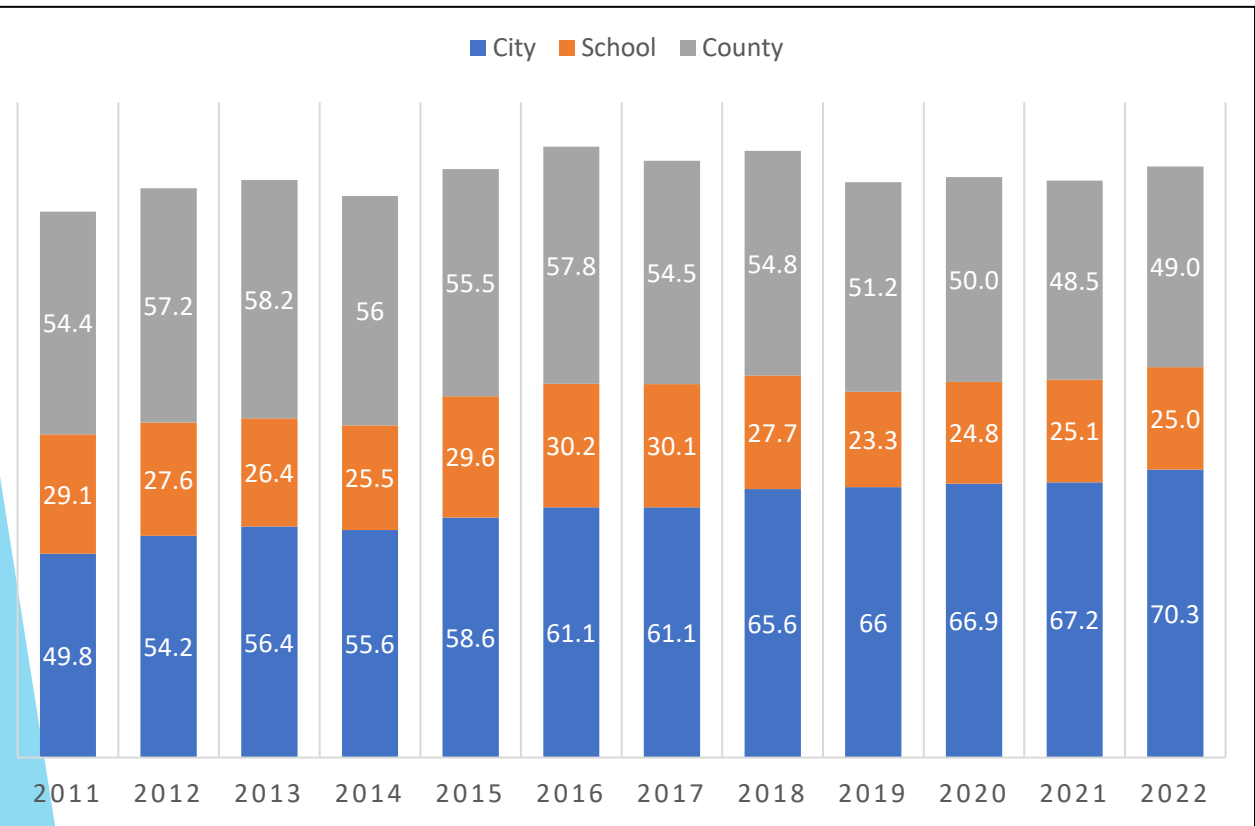
Residential Property Tax Example

	2021	2022	Change	Increase in MV	Change
Assessed Value	\$ 214,000	\$ 214,000	\$0	\$ 223,200	\$ 9,200
Market Value Exclusion	\$ (17,980)	\$ (17,980)	\$0	\$ (17,152)	\$ 828
Taxable Market Value after State Homestead Exclusion	\$ 196,020	\$ 196,020	\$0	\$ 206,048	\$ 10,028
City Levy - General Operating	\$ 1,318	\$ 1,378	\$60	\$ 1,448	\$ 70
County Levy	\$ 952	\$ 960	\$9	\$ 1,009	\$ 49
School Levy	\$ 491	\$ 490	(\$1)	\$ 516	\$ 25
School Referendum (based on original assessed value)	\$ 4	\$ 4	(\$0)	\$ 4	\$ 0
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 114	\$ 99	(\$14)	\$ 104	\$ 5
TOTAL TAX	\$ 2,879	\$ 2,931	\$53	\$ 3,081	\$ 150
			\$45		

Commercial Property Tax Example

	2021	2022	Change
Assessed Value	\$ 500,000	\$ 500,000	\$0
State Tax	\$ 3,330	\$ 3,423	\$93
City Levy - General Operating	\$ 6,219	\$ 6,501	\$282
County Levy	\$ 4,491	\$ 4,531	\$ 40
School Levy	\$ 2,319	\$ 2,314	(\$4)
School Referendum (based on original assessed value)	\$ 19	\$ 18	(\$1)
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 290	\$ 253	(\$37)
TOTAL TAX	\$ 16,667	\$ 17,040	\$373

Property Tax History (Tax Capacity Rate) 2011 - 2022



Historical Data 2014 - 2022

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Capacity Rate	55.791	58.614	61.115	65.433	65.646	66.016	66.92	67.23	70.28
+ or – change	-0.64	2.82	2.50	4.32	0.21	0.37	0.90	0.31	3.05
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	3,619,013	4,014,293
% of change	6.79%	8.61%	4.86%	13.41%	5.64%	7.86%	5.16%	4.34%	10.92%
General Government Budget	\$4,106,412	\$4,531,988	\$4,737,194	\$5,365,828	\$5,626,127	\$6,055,720	\$6,107,791	\$6,219,170	\$6,726,292
% of Change	8.43%	10.36%	4.53%	13.27%	4.85%	7.64%	0.86%	1.82%	8.15%

Thank you for Coming!

Questions?

