

# 2011 Tax Levy and Budget Proposal

December 7, 2010

# Presentation Outline

- Budget Purpose and Process
- Proposed 2011 General Fund Budget
  - Expenditures
  - Revenues
- Proposed 2011 Tax Levy
  - Basics of Property Taxes
  - City of Delano Tax Levy
  - Calculation of Property Taxes
  - Comparisons
- Summary

# Budget Purpose and Process

- The Budget is a tool utilized by the City to allocate resources towards goals and priorities for the City.
- The Budget is the catalyst that drives the City's actions for the following year.
- The Budget is a tool to reach an end – providing the highest quality services in a fiscally responsible manner.

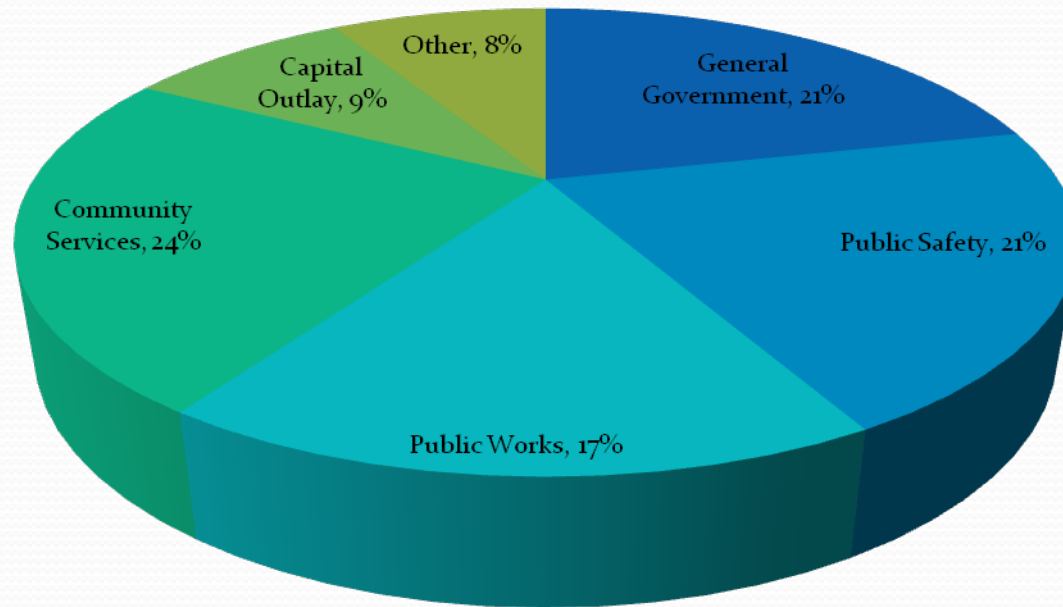
# Budget Purpose and Process

- Needs and priorities determined
- Goals established
- Capital improvement plan updated
- Detail budgets prepared
- Preliminary budget and tax levy approved
- Revisions to the preliminary budget and tax levy
- Final budget and tax levy presented and approved

# Proposed 2011 General Fund Budget - Expenditures

- Total General Fund Expenditures - \$2,594,117

## General Fund Expenditures

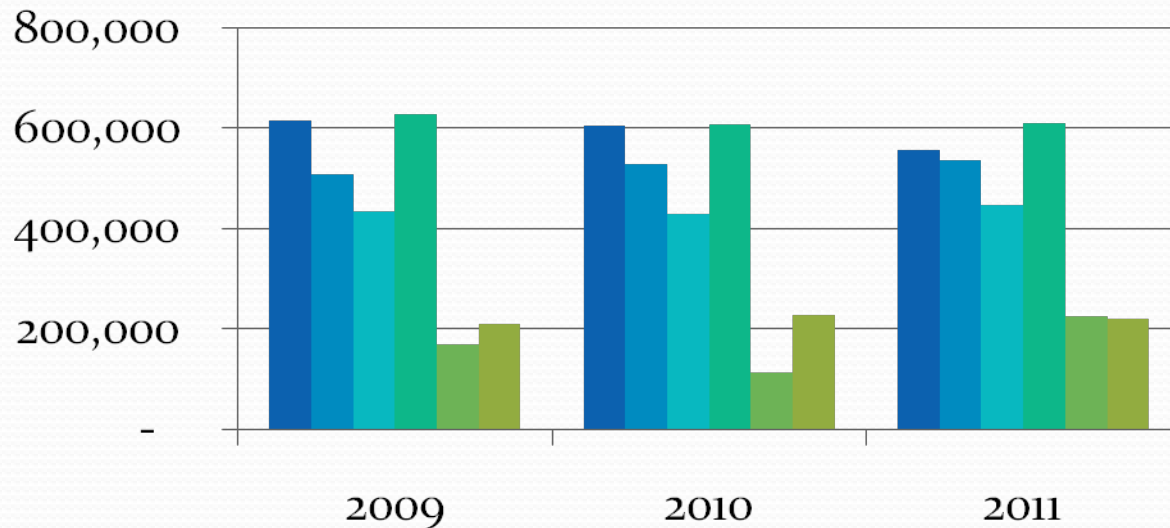


# Proposed 2011 General Fund Budget - Expenditures

• 2009 - \$2,564,436

2010 - \$2,506,782

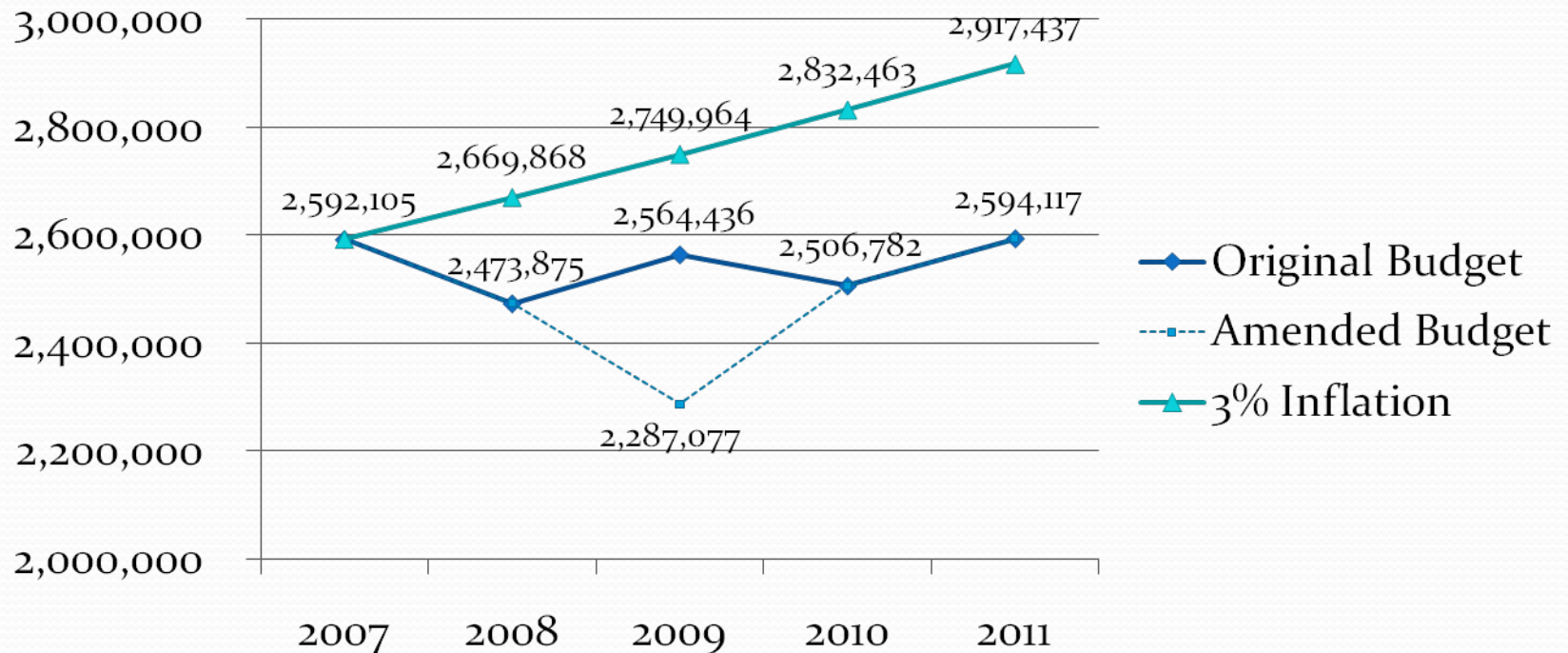
2011 - \$2,594,117



- General Government
- Public Safety
- Public Works
- Community Services
- Capital Outlay
- Other

# Proposed 2011 General Fund Budget - Expenditures

- General Fund Total Expenditure Budget for the Past Five Years



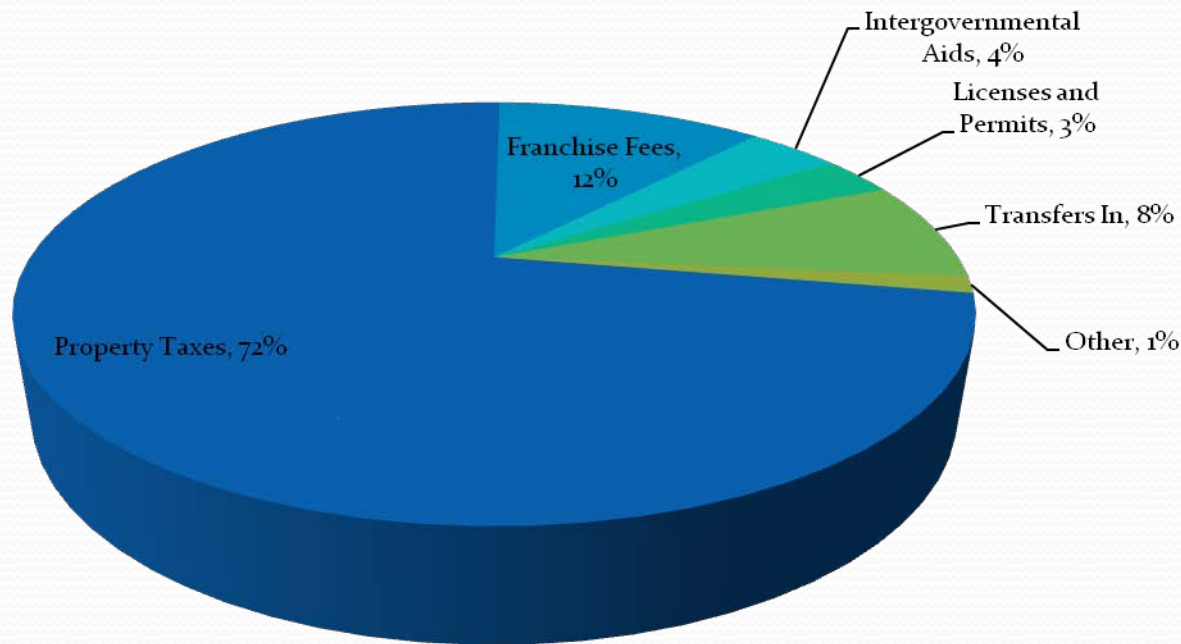
# Proposed 2011 General Fund Budget - Expenditures

- Items Impacting Expenditures
  - Economy
  - Capital Needs

# Proposed 2011 General Fund Budget - Revenues

- Total General Fund Revenues - \$2,594,117

## General Fund Revenues

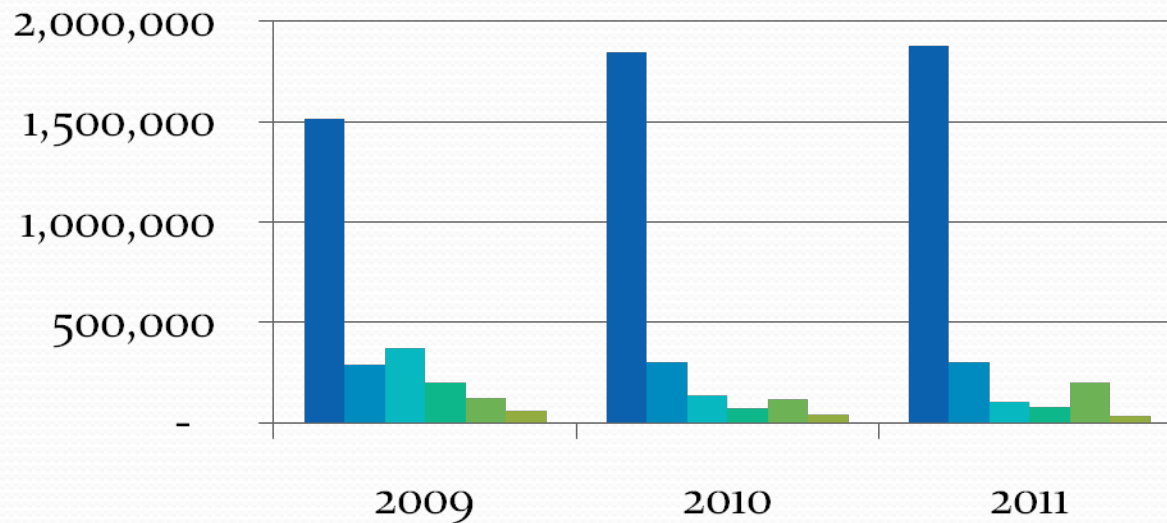


# Proposed 2011 General Fund Budget - Revenues

• 2009 - \$2,564,436

2010 - \$2,506,782

2011 - \$2,594,117



■ Property Taxes

■ Franchise Fees

■ Intergovernmental Aids

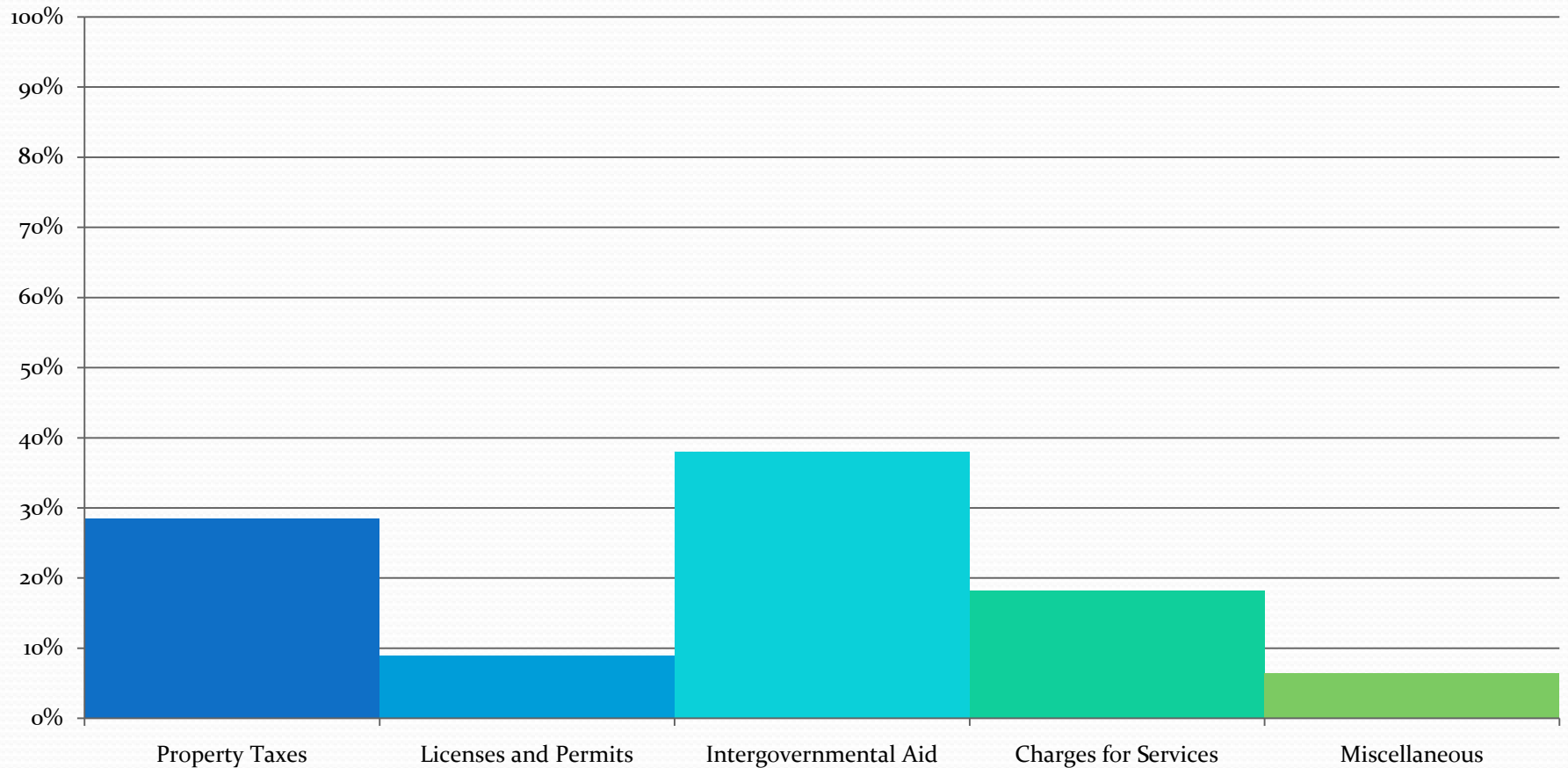
■ Licenses and Permits

■ Transfers In

■ Other

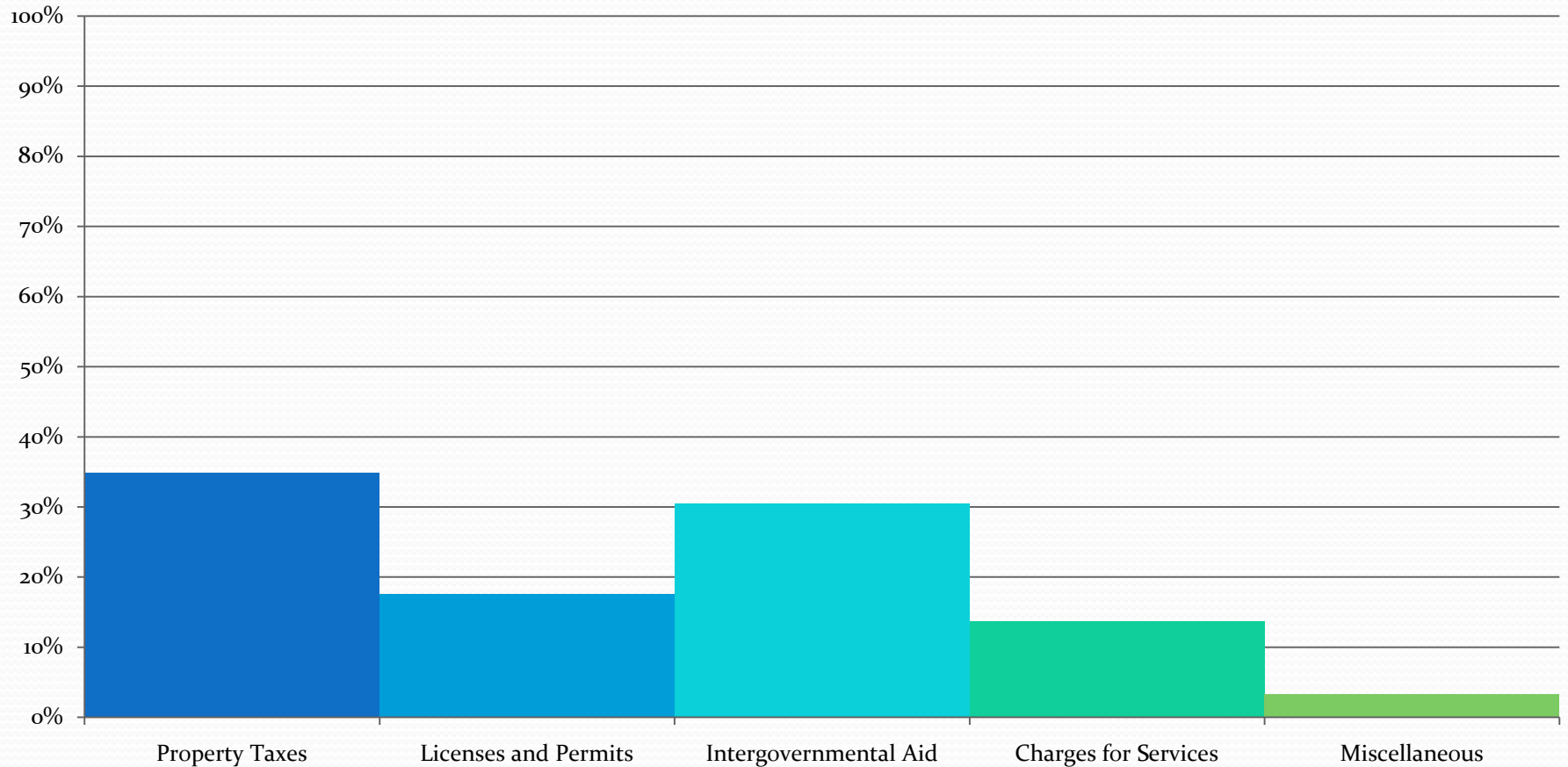
# Proposed 2011 General Fund Budget - Revenues

## 2000 Actual Revenues



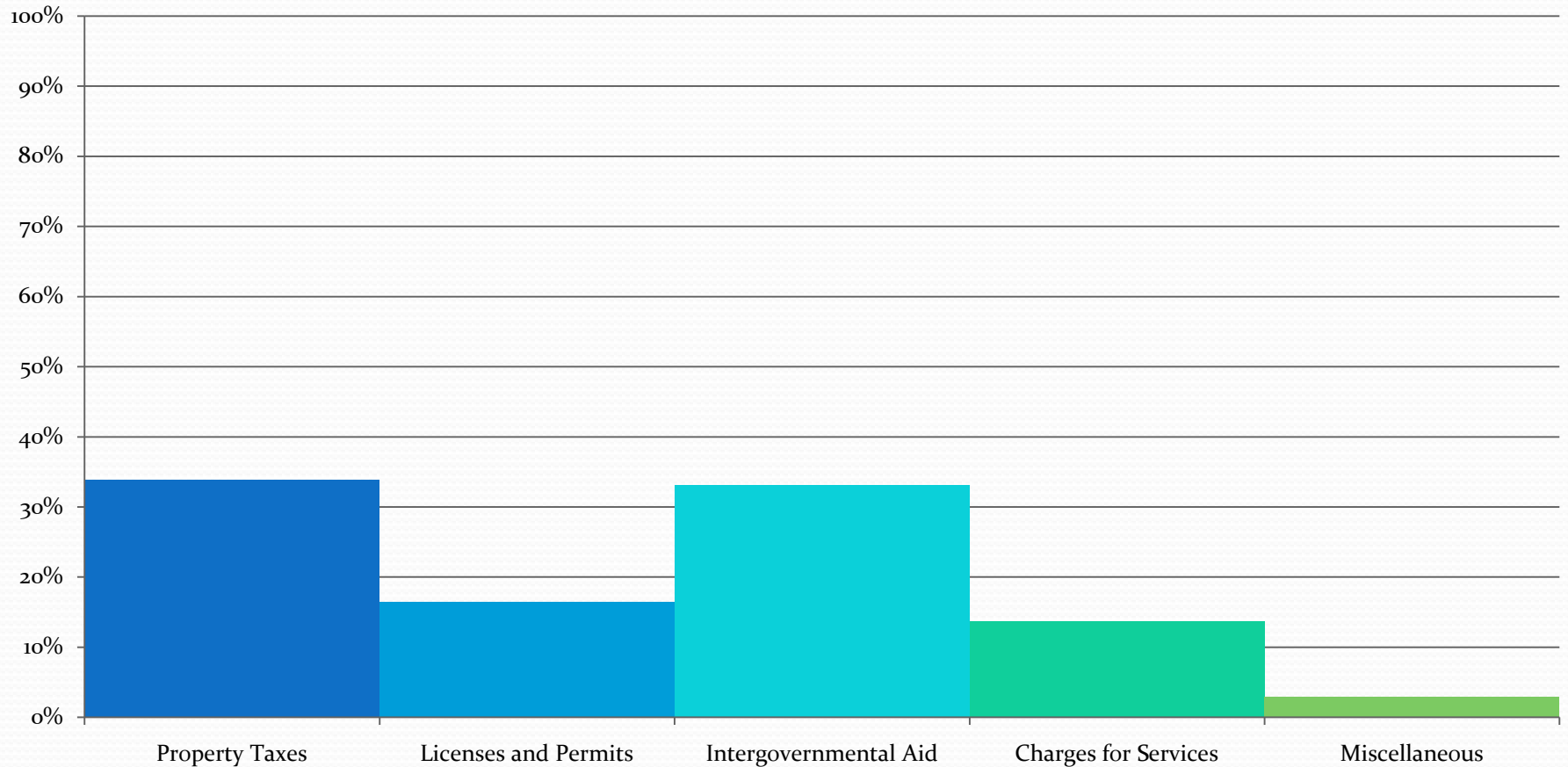
# Proposed 2011 General Fund Budget - Revenues

## 2001 Actual Revenues



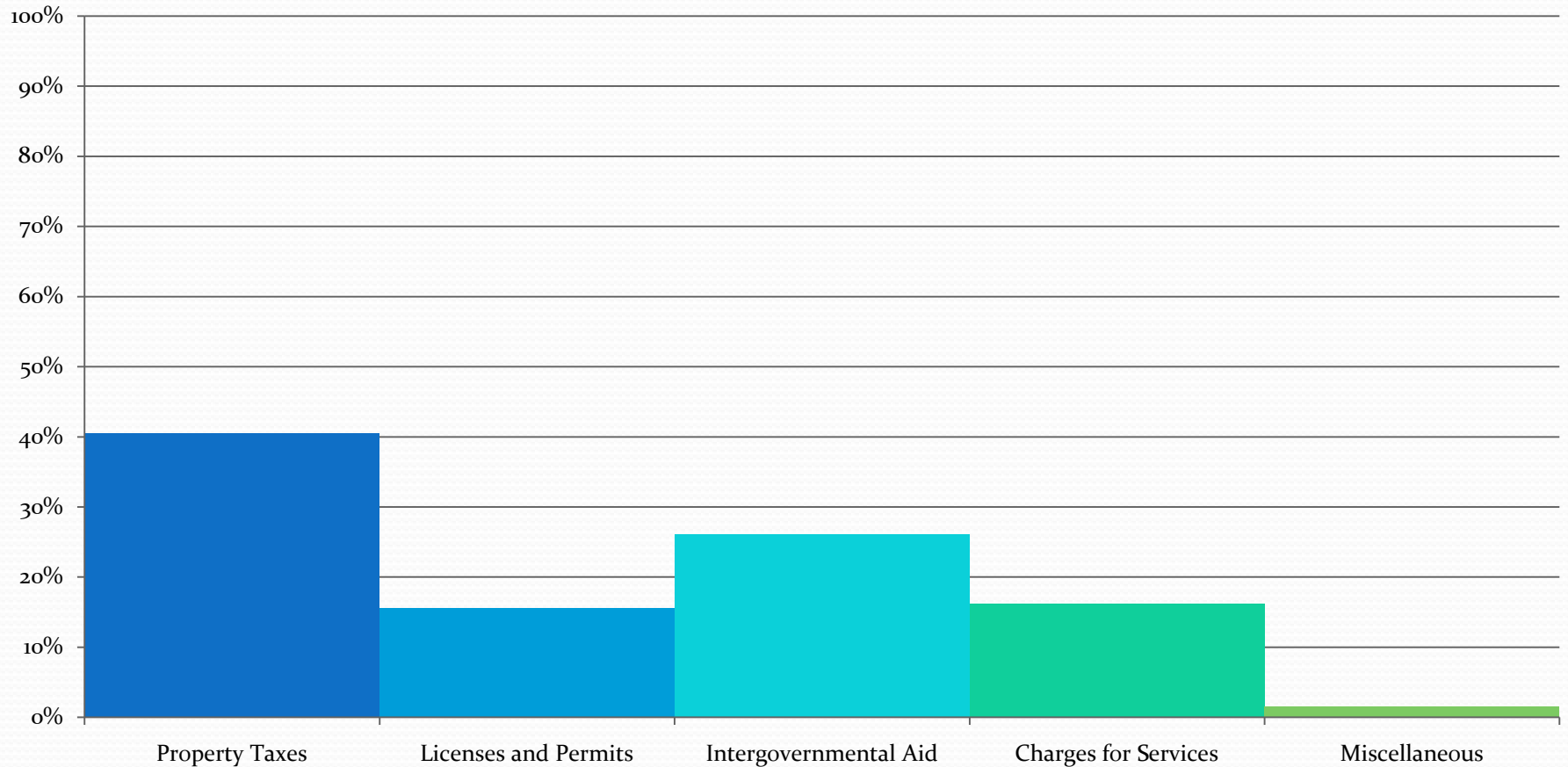
# Proposed 2011 General Fund Budget - Revenues

## 2002 Actual Revenues



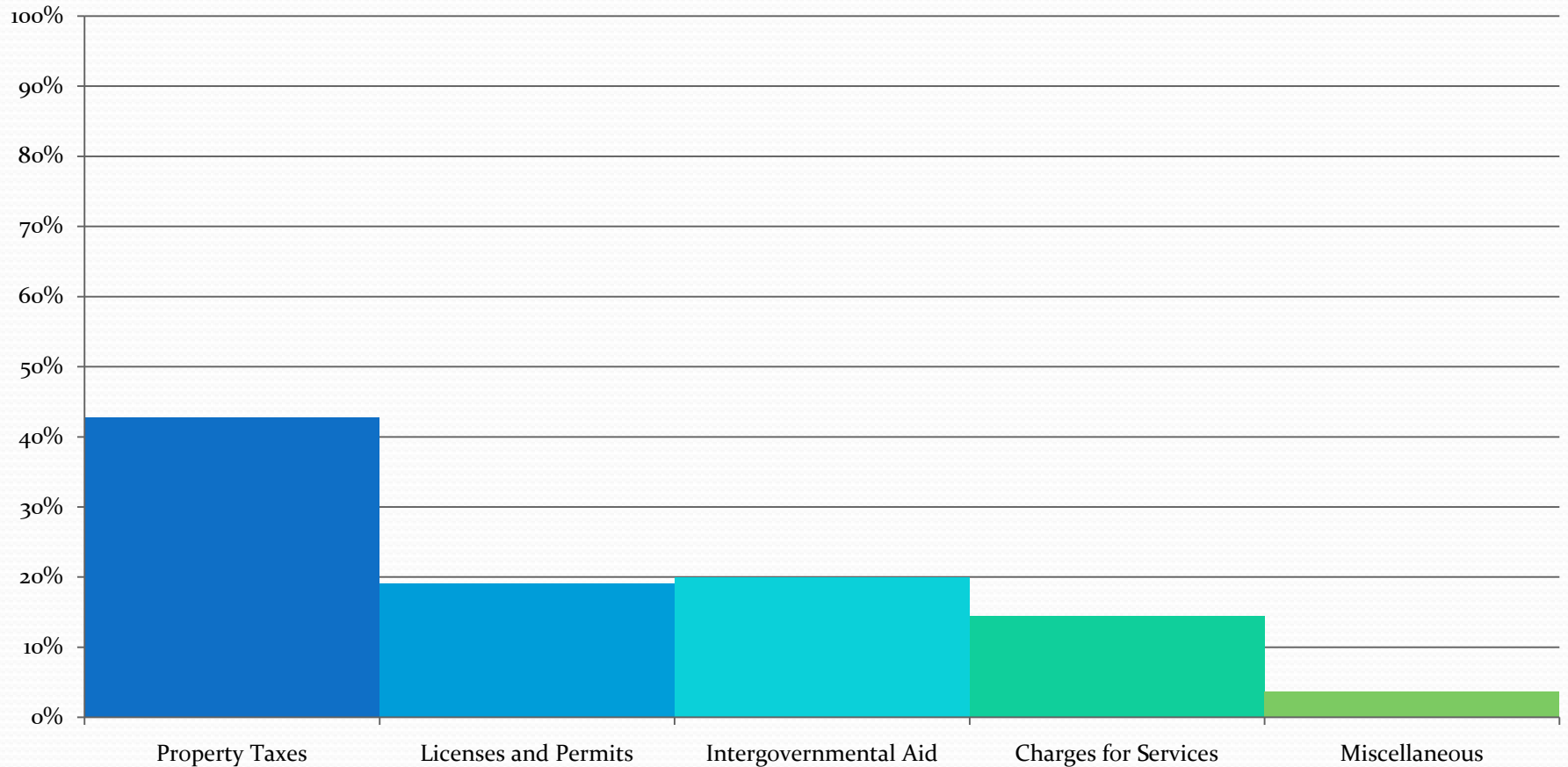
# Proposed 2011 General Fund Budget - Revenues

## 2003 Actual Revenues



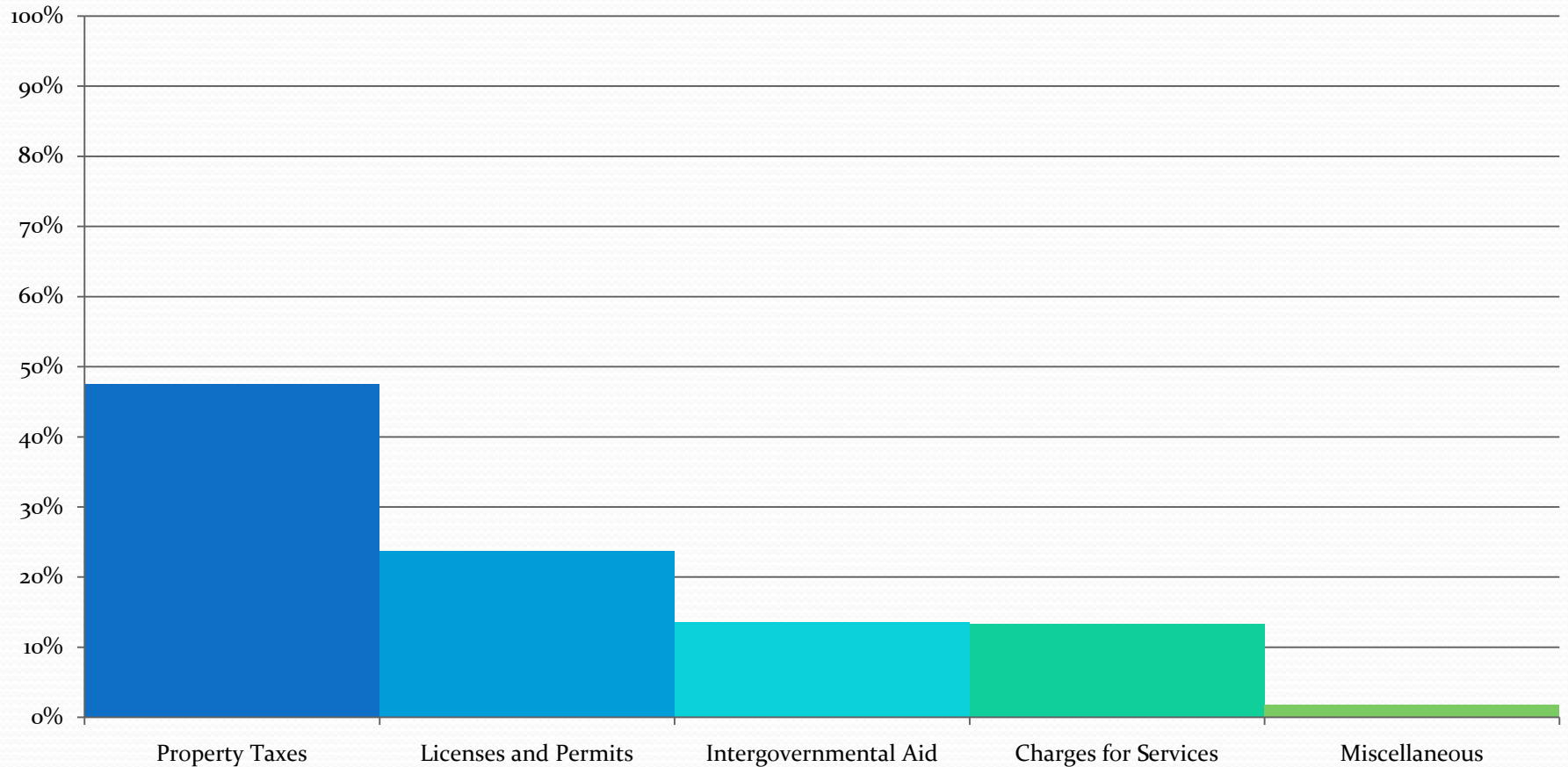
# Proposed 2011 General Fund Budget - Revenues

## 2004 Actual Revenues



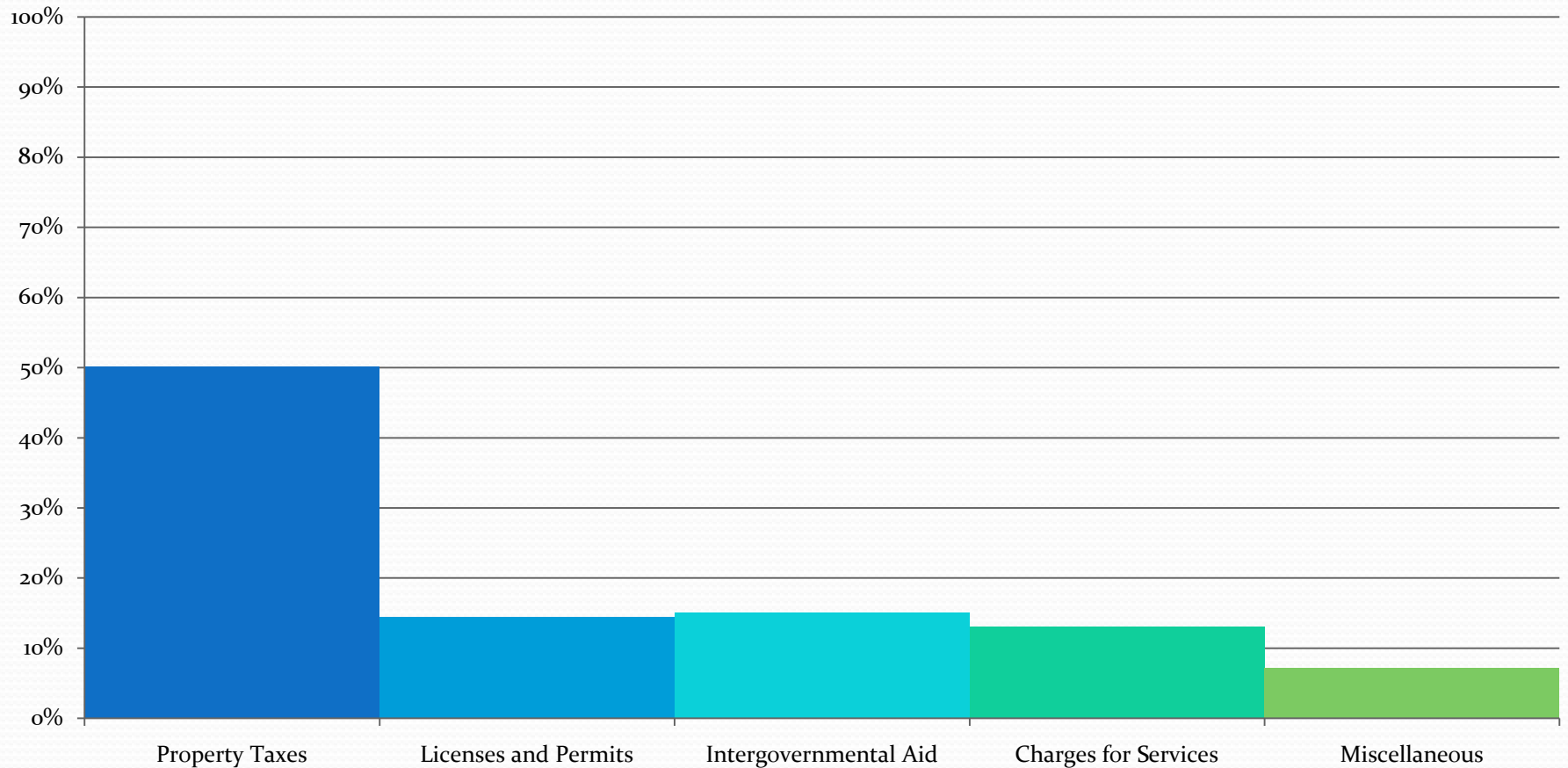
# Proposed 2011 General Fund Budget - Revenues

## 2005 Actual Revenues



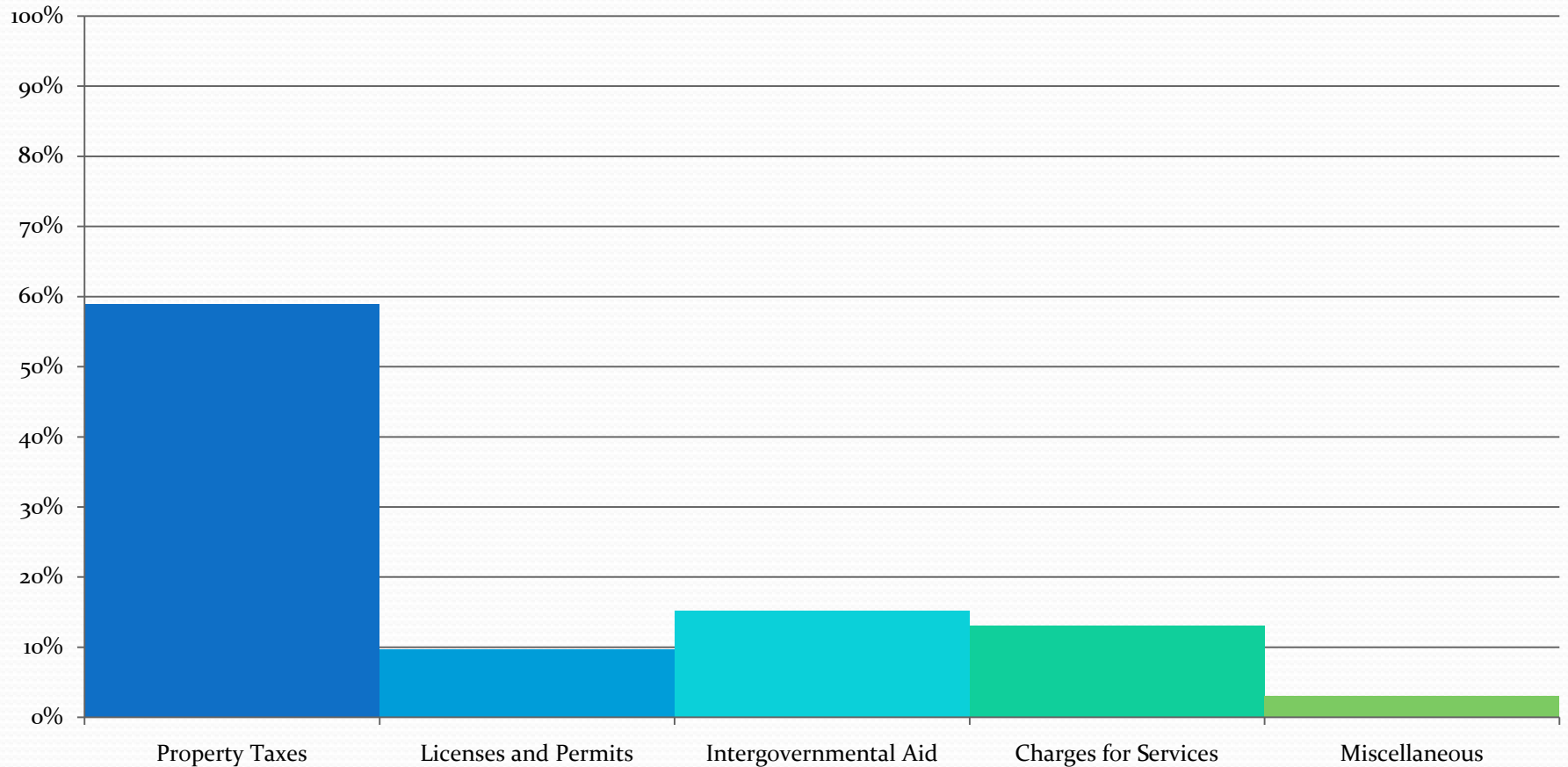
# Proposed 2011 General Fund Budget - Revenues

## 2006 Actual Revenues



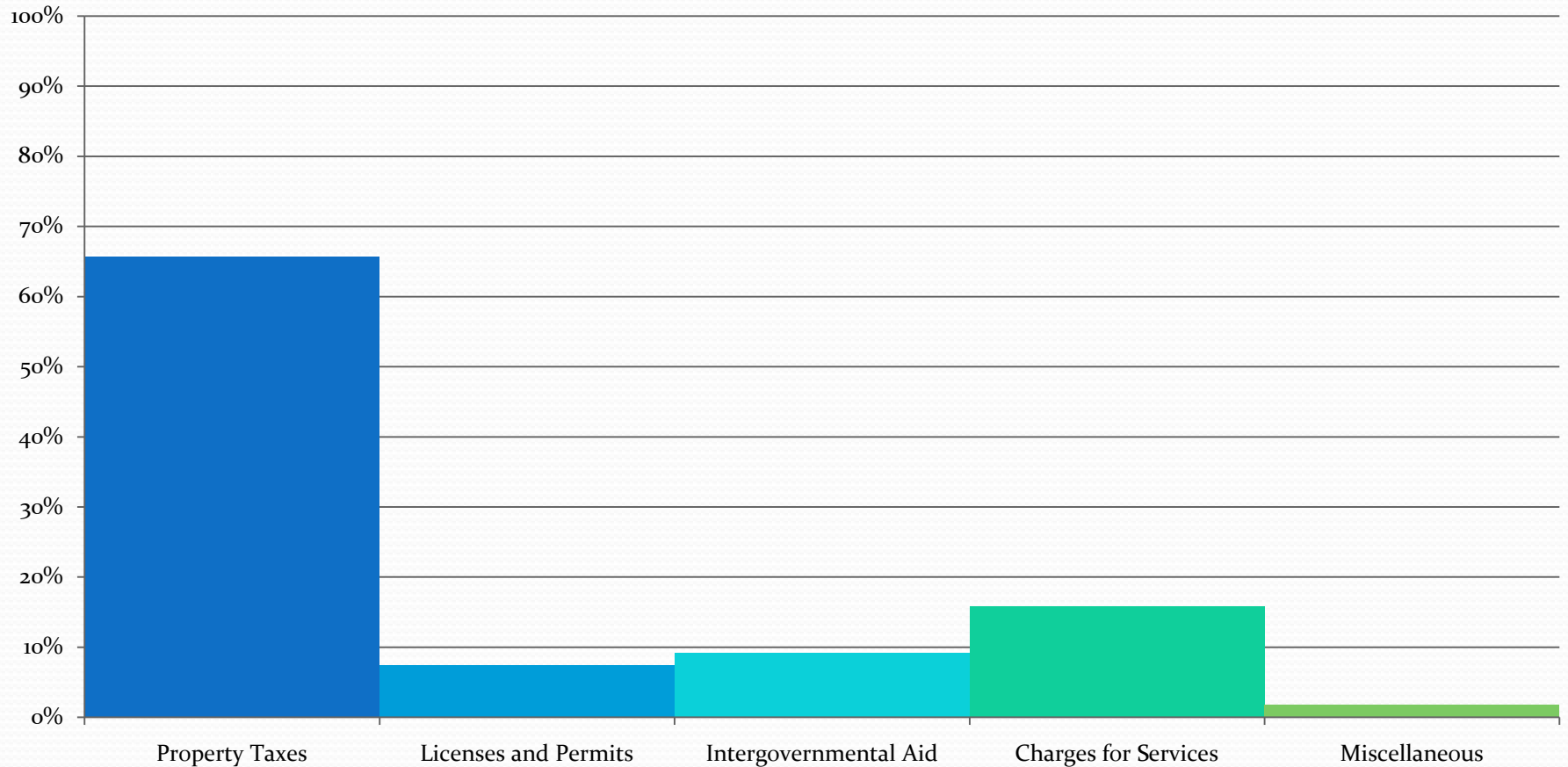
# Proposed 2011 General Fund Budget - Revenues

## 2007 Actual Revenues



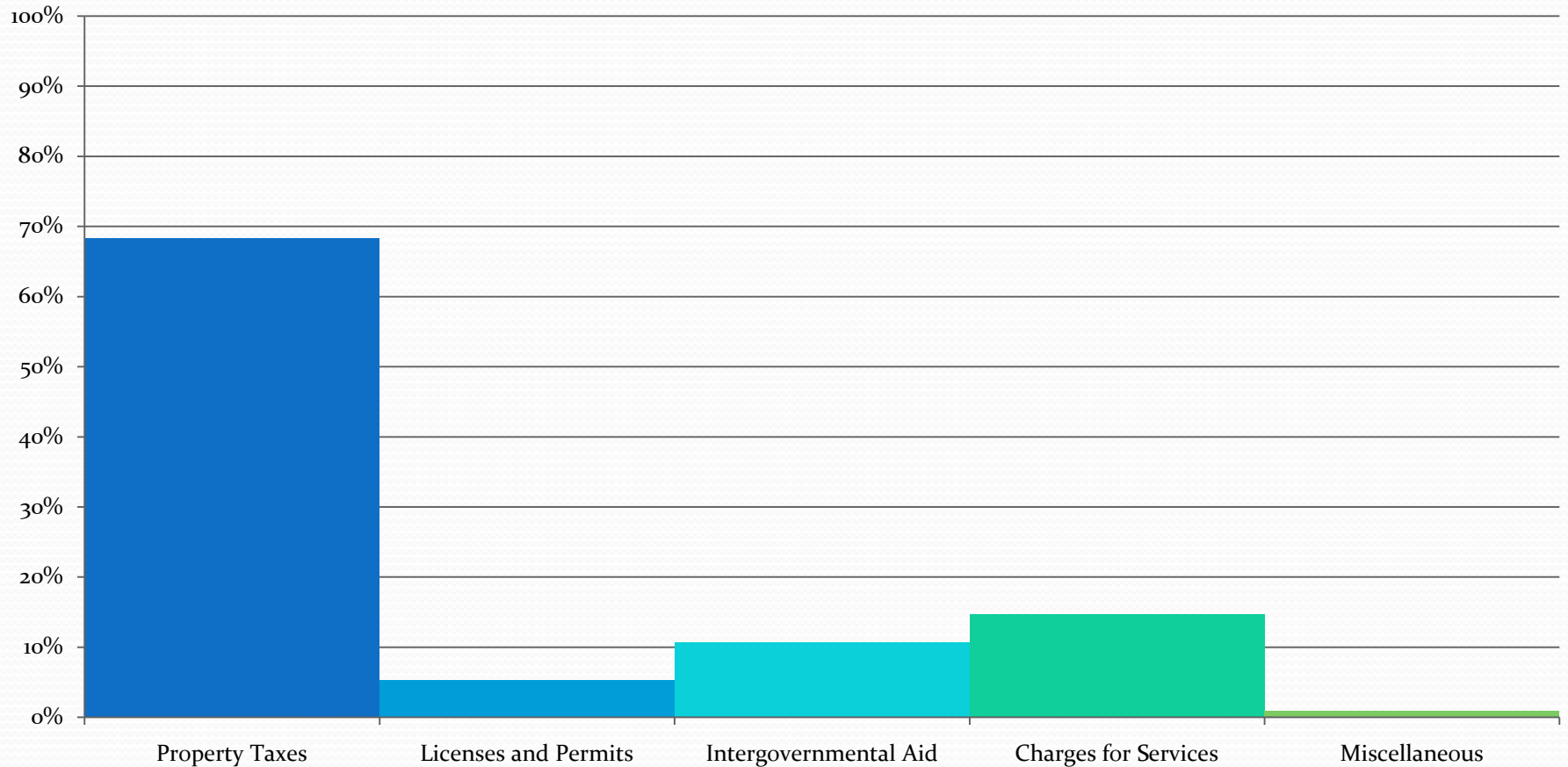
# Proposed 2011 General Fund Budget - Revenues

## 2008 Actual Revenues



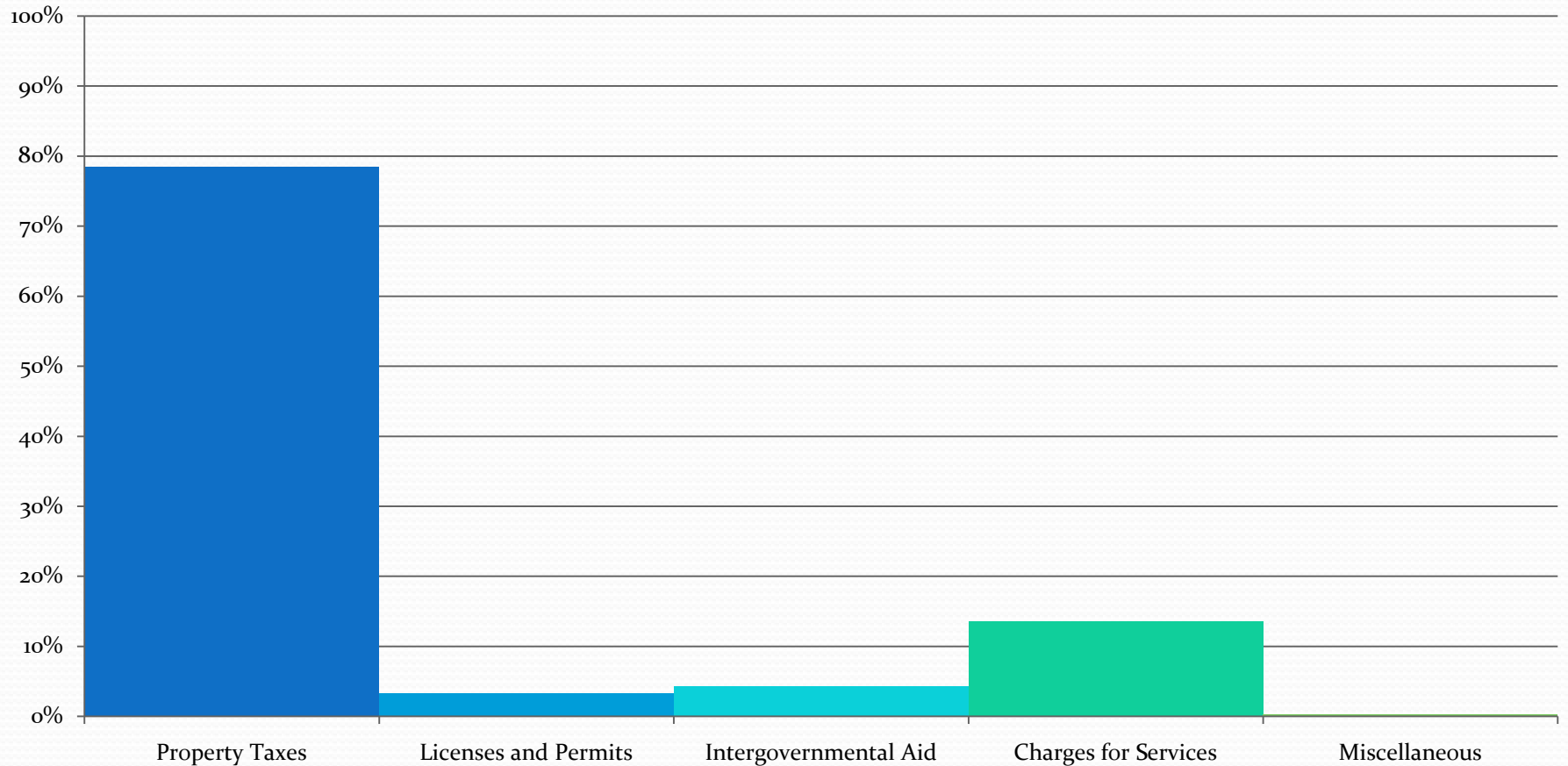
# Proposed 2011 General Fund Budget - Revenues

## 2009 Actual Revenues



# Proposed 2011 General Fund Budget - Revenues

**2011 Budget Revenues**



# Proposed 2011 General Fund Budget - Revenues

- Items Impacting Revenues
  - Economy
  - Revenue Restrictions
    - Property Tax Levy Limit
    - Local Government Aid and Market Value Homestead Credit Aid Unallotment
  - Transfer from Delano Water, Light and Power Commission

# Proposed 2011 General Fund Budget

- Summary
  - Balanced General Fund Budget
  - 3.5% Increase in budgeted General Fund Expenditures from 2010 Budget.
  - Total General Fund Budget increase of \$87,335. Capital expenditures increasing \$112,350 while operations and other expenditures decreasing \$25,015.
  - 5.03% Increase in General Fund Tax Levy

# Proposed 2011 Tax Levy – Basics of Property Taxes

- How are property taxes calculated?
  - How can the property taxes I pay go up when my assessed valuation goes down?
- Property taxes support three levels of government – City, County, and School District
- State establishes a formula for how taxes are divided amongst properties

# Proposed 2011 Tax Levy – Basics of Property Taxes

- Factors that influence the Tax Levy
  - Market Value
  - Tax Capacity
  - Class Rates
  - State Aids
  - City Budget and Debt Levies
  - County Budget
  - School District Operating and Debt Levies

# Proposed 2011 Tax Levy – City of Delano Tax Levy

- Preliminary 2011 Tax Rate – 48.404%
- Proposed 2011 Tax Rate – 46.608%
- Actual 2010 Tax Rate – 42.420%
- The City establishes a levy amount based on three factors:
  - General Fund (general operations of the City)
  - Debt Service
  - Tax Abatement

# Proposed 2011 Tax Levy – City of Delano Tax Levy

- The general operations levy is \$2,011,375
  - Reduction of \$95,282 from the preliminary levy approved in September.
  - The levy increase from 2010 to 2011 is \$96,274 or 5.03%.
  - This compares to a levy increase of \$257,784 for 2010.
  - All of the \$96,274 levy increase is a result of lost Local Government and Market Value Credit Aids.
  - \$274,432 of the general operations levy is for lost aids.

# Proposed 2011 Tax Levy – City of Delano Tax Levy

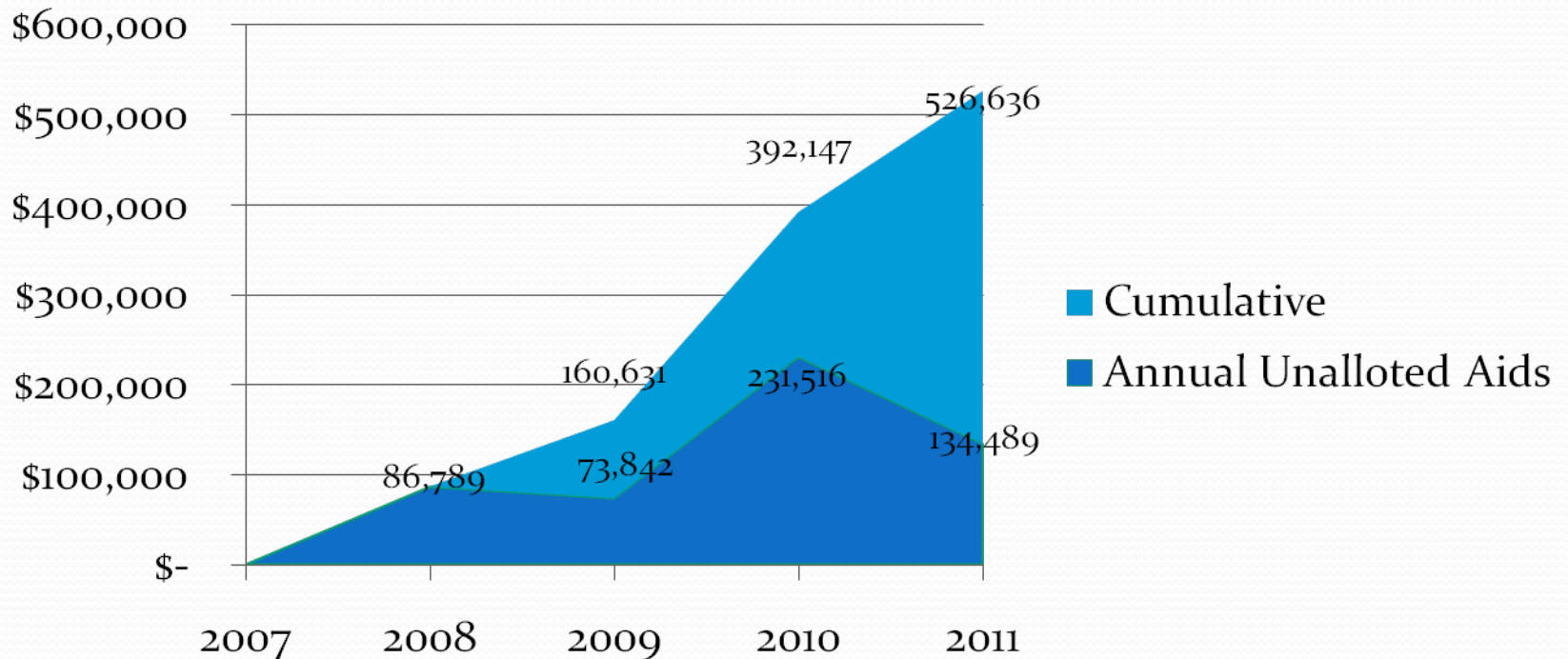
- The debt levy is \$362,000
  - 2009 (old 2001 – Franklin Ave.) debt service - \$43,000
  - Fire station debt service - \$92,000
  - 2006 street reconstruction debt service - \$155,000
  - 2009 street reconstruction debt service - \$72,000
- Tax abatement levy is \$100,000
  - Projected taxes paid by Delano Crossings exceed \$100,000 in 2011

# Proposed 2011 Tax Levy – City of Delano Tax Levy

- Total levy for 2011 is \$2,473,375
- Levy increase of 3.57% from 2010
- Result: Tax rate increase of 4.188% from 2010. Why?
  - Economy
  - Statewide funding problem

# Proposed 2011 Tax Levy – City of Delano Tax Levy

- Annual and Cumulative State Aid Unallotments



# Proposed 2011 Tax Levy – Calculation of Property Taxes

- Each property has an assessed market value
- Classification rate is applied to market value to determine the taxable value of the property
  - Each type of property has a different classification rate (homestead - 1.0%, commercial - 1.5%, etc.)
  - Example:  $\$200,000 \times 1.0\% = \$2,000$
- Taxable value of the property is then applied to the tax rate to determine the taxes due
- Each taxing entity (City, County, School) establishes a rate, and the sum equals the total tax rate

# Proposed 2011 Tax Levy – Calculation of Property Taxes

- Preliminary tax rates for 2011
  - City 46.608% (42.420% in 2010)
  - County 39.535% (35.819% in 2010)
  - School 25.191% (26.889% in 2010)
  - Total preliminary tax rate 111.334% (105.128% in 2010)
- An example for a \$200,000 homesteaded property with a decrease in assessed valuation of 8% from 2010 is shown on the next slide.

# Proposed 2011 Tax Levy – Calculation of Property Taxes

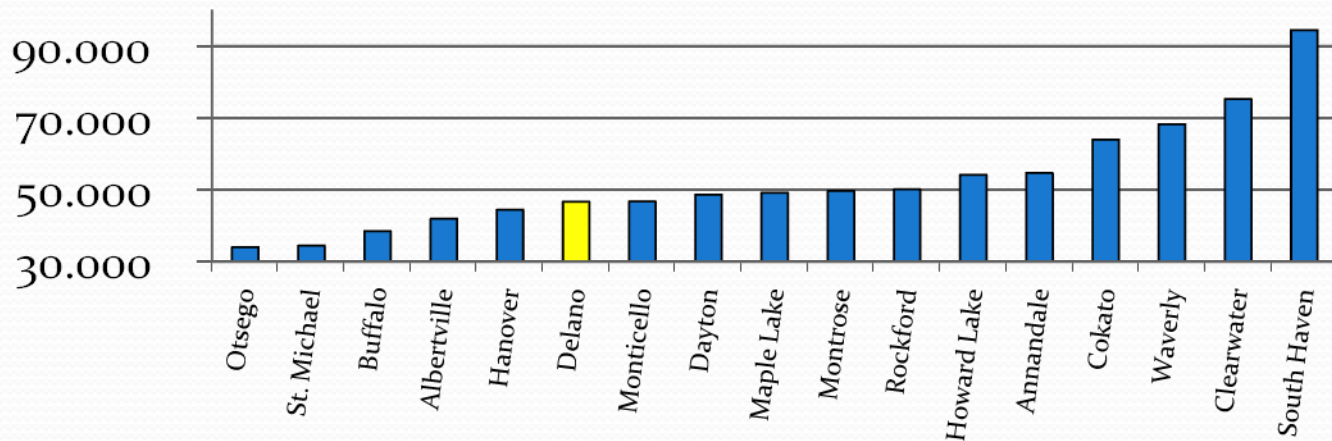
- Taxable value x tax rate = property tax (\$1,840 x 111.334% = \$2,048.55)

	2010	2011	2011*
City of Delano	\$ 848.40	\$ 932.16	\$ 857.59
Delano School District	\$ 537.78	\$ 503.82	\$ 463.51
Wright County	\$ 716.38	\$ 790.70	\$ 727.45
<b>Total Property Tax</b>	<b>\$ 2,102.56</b>	<b>\$ 2,226.68</b>	<b>\$ 2,048.55</b>
Change from 2010 to 2011		5.90%	-2.57%

\* - 2011 taxes with an 8.0% decrease, from 2010, in market value (\$184,000 homestead)

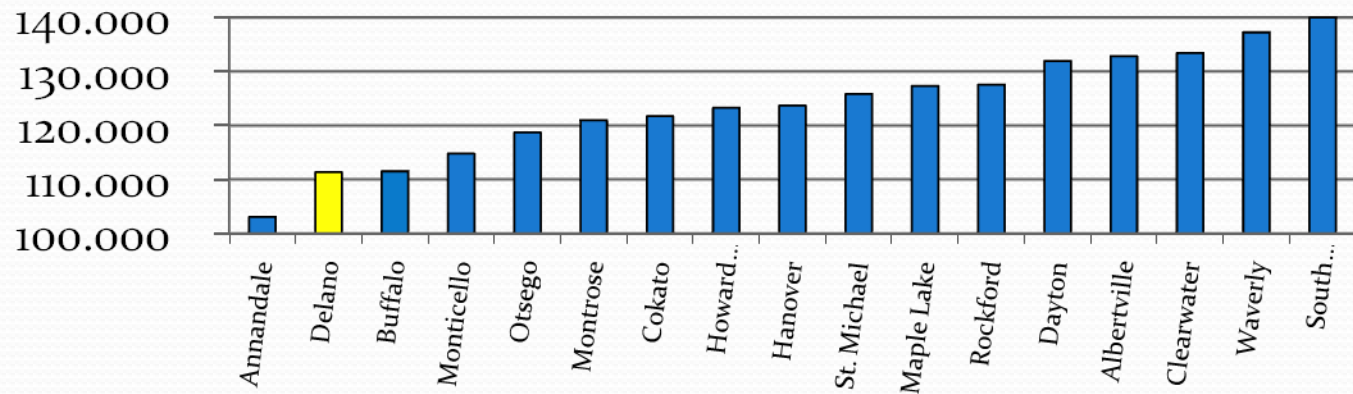
# Proposed 2011 Tax Levy – Comparisons

- Of the 17 Cities in Wright County, Delano has the sixth lowest proposed City tax rate



# Proposed 2011 Tax Levy – Comparisons

- Of the 17 Cities in Wright County, Delano has the second lowest proposed total tax rate





# Summary

- Balanced General Fund Budget
- General Fund budgeted expenditures are \$2,012 higher in 2011 from where they were at in 2007
- The overarching goal is to provide the highest quality services in a fiscally responsible manner