



CITY OF
Otsego
MINNESOTA

Truth in Taxation
2017 Budget & Property Tax Levy
Presentation & Public Input

December 12, 2016

Before We Start

◎ Property Valuation Questions

- That is not the focus of this meeting.
- The Board of Equalization meeting for those questions is held annually between April 1 – May 31.

Truth in Taxation

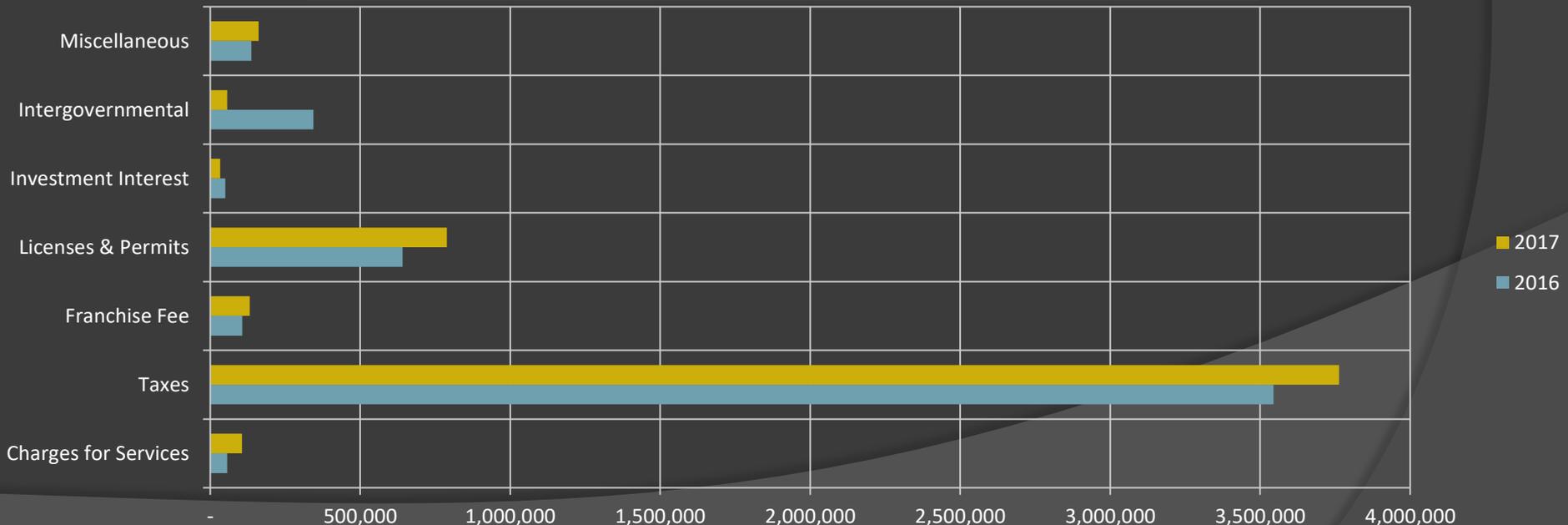
- ⦿ Required by Statute 275.065, subd. 7
- ⦿ Purpose
 - Discussion of 2017 Budgets
 - Discussion of Levy for Taxes Payable in 2017
 - Public Input

Budget Process – General Fund

- ◎ Staff prepare Proposed Budgets
- ◎ Proposed Budgets Reviewed
 - City Council & Staff
 - Occurs During Special City Council Meetings (open to public)
- ◎ Preliminary Tax Levy & Budget
 - Certified September 26, 2016
- ◎ Additional Budget Review
- ◎ Final Budget Adoption
 - Truth in Taxation Public Input

2017 General Fund - Revenues

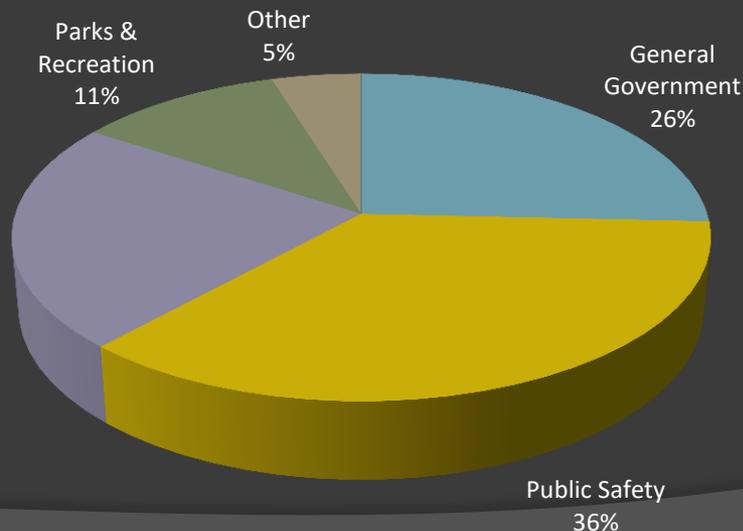
	2016 Budget	2017 Budget	(\$) Change
Revenue Source			
Taxes	\$ 3,544,352	\$ 3,763,273	\$ 218,921
Cable Franchise Fee	107,000	132,000	25,000
Licenses & Permits	641,565	788,900	147,335
Intergovernmental	343,590	56,800	(286,790)
Charges for Services	57,000	105,550	48,550
Investment Interest	50,000	33,000	(17,000)
Miscellaneous	136,755	161,042	24,287
Total	\$ 4,880,262	\$ 5,040,565	\$ 160,303
Per Capita	\$ 326	\$ 326	



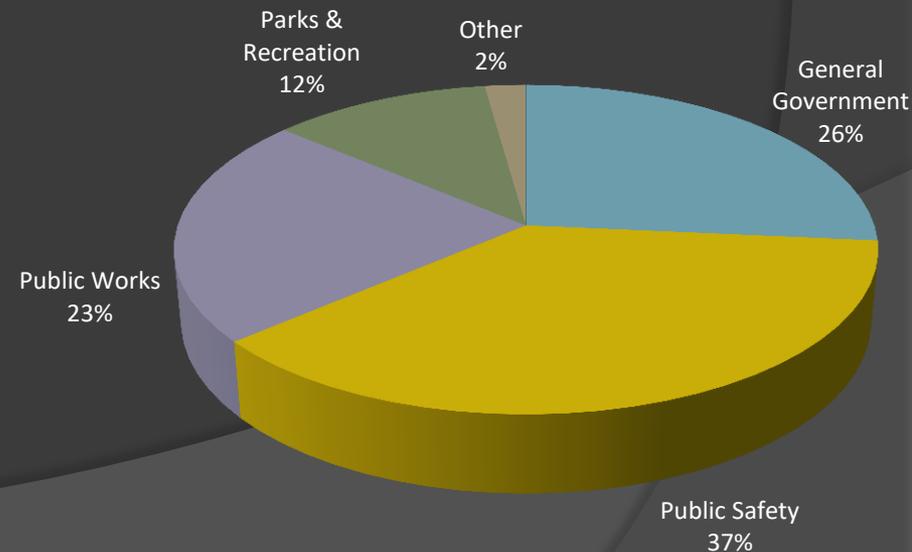
2017 General Fund - Expenditures

	2016 Budget	2017 Budget	(\$) Change
Expenditure Function			
General Government	\$ 1,255,768	\$ 1,334,349	\$ 78,581
Public Safety	1,757,000	1,875,238	118,238
Public Works	1,098,952	1,136,728	37,776
Parks & Recreation	535,652	584,490	48,838
Economic Development	105,300	109,860	4,560
Interfund Transfers	127,590	-	(127,590)
Total	\$ 4,880,262	\$ 5,040,665	\$ 160,403
Per Capita	\$ 326	\$ 326	

2016



2017



2017 General Fund – General Government

	2016	2017	(\$)	
	Budget	Budget	Change	Why?
General Government				
City Council	\$ 116,276	\$ 122,293	\$ 6,017	
Administration	469,467	457,164	(12,303)	
Elections	29,825	1,924	(27,901)	No election in 2017
Assessing	76,941	81,623	4,682	
Finance	288,531	318,400	29,869	Personnel (Step Increases + Insurance)
Information Technology	72,000	94,500	22,500	Increased Contract Hours + Computers
Legal	86,000	114,000	28,000	To reflect trends in prior year actuals
Prairie Center	33,877	32,149	(1,728)	
City Hall & PW Building	82,351	109,656	27,305	Insurance + Copier Rental Reclassifications
Old Town Hall	500	2,640	2,140	
Total	\$ 1,255,768	\$ 1,334,349	\$ 78,581	
Per Capita	\$ 84	\$ 86		

2017 General Fund – Public Safety

	2016	2017	(\$)	
	Budget	Budget	Change	Why?
Public Safety				
Police Services	\$ 978,200	\$ 1,020,700	\$ 42,500	Wright County Hourly Contract Rate (3.7% Increase)
Public Safety Commission	2,850	2,850	-	
Fire Protection	497,462	539,094	41,632	Contract Basis Increase (Parcels + Tax Capacity)
Building Inspection	250,588	287,174	36,586	Personnel (Steps) + Increase Metro West Hours
Emergency Management	14,400	10,920	(3,480)	
Animal Control	13,500	14,400	900	
Total	\$ 1,757,000	\$ 1,875,138	\$ 118,138	
Per Capita	\$ 117	\$ 121		

2017 General Fund – Public Works

	2016	2017	($\$$)	
	Budget	Budget	Change	Why?
Public Works				
Streets	\$ 689,681	\$ 720,326	\$ 30,645	Personnel (Step Increases + Workers Comp)
Engineering	85,000	86,400	1,400	
Street Lighting	115,968	117,000	1,032	
Fleet Maintenance	208,303	213,002	4,699	
Total	<u>\$ 1,098,952</u>	<u>\$ 1,136,728</u>	<u>\$ 37,776</u>	
Per Capita	\$ 73	\$ 73		

2017 General Fund – Culture & Recreation

	2016	2017	(\$)	
	Budget	Budget	Change	Why?
Culture & Recreation				
Park Maintenance	\$ 381,806	\$ 390,811	\$ 9,005	Personnel (Step Increases + Workers Comp)
Recreation	151,396	191,229	39,833	Personnel (Pay Classification) + Prairie Festival
Heritage Preservation Commission	2,450	2,450	-	
Total	<u>\$ 535,652</u>	<u>\$ 584,490</u>	<u>\$ 48,838</u>	
Per Capita	\$ 36	\$ 38		

2017 General Fund – Other

	2016	2017	(\$)	
	Budget	Budget	Change	Why?
Economic Development				
Planning Commission	\$ 3,000	\$ 4,000	\$ 1,000	Expect additional meetings
Planning	88,000	91,200	3,200	To reflect trends in prior year actuals
Economic Development	14,300	14,660	360	
Transfers				
Interfund Transfers	127,590	-	(127,590)	LGA Revenues - Allocated to Pavement Fund
Total	<u>\$ 232,890</u>	<u>\$ 109,860</u>	<u>\$ (123,030)</u>	
Per Capita	\$ 16	\$ 7		

2017 Tax Levy - Factors

⦿ Market Value

- Wright County is responsible for valuations
- Current environment has an increasing trend
 - 2016 Assessment / 2017 Payable ~ 11% Increase

⦿ Tax Capacity

- No legislative changes in class rate system
- Change dependent upon market value
- New Construction
 - Residential – 395 New Permits (2014 + 2015)
 - Commercial & Industrial – Gateway North

2017 Tax Levy - Factors

⦿ Tax Levy

- City Increase of \$609,539
 - Growing City = Growing Needs (General Revenues)
 - Planning for the Future (Capital Reserves)
 - Debt Service
 - Economic Development (Tax Abatements)

⦿ Other Districts

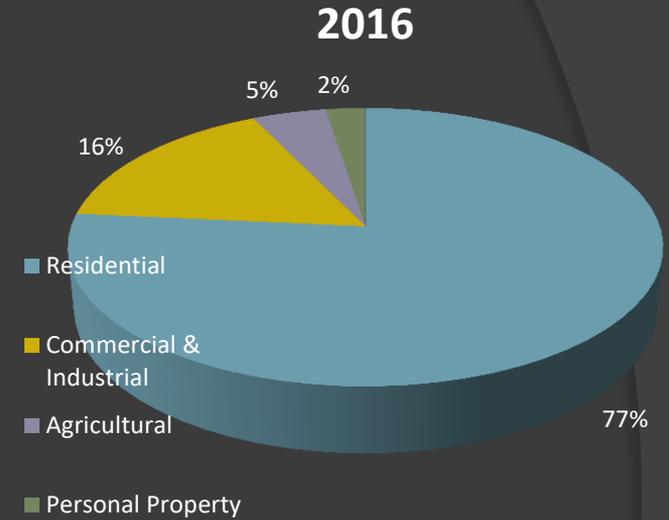
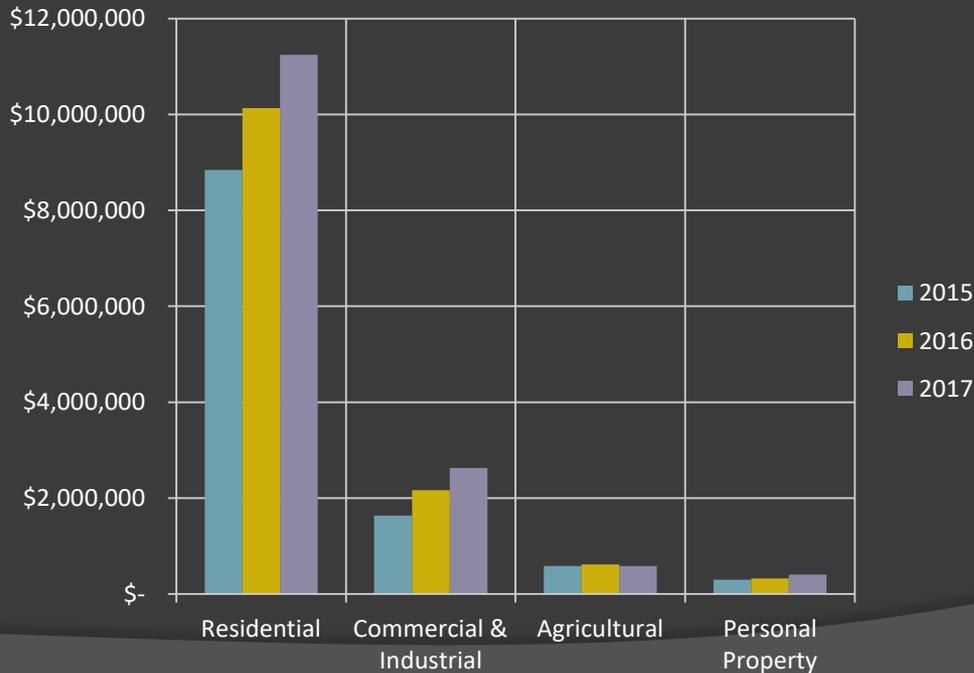
- Wright County
- School Districts
 - Elk River (#728), STMA (#885) & Monticello (#882)

2017 Tax Levy - Summary

	2016	2017	(\$)
	Levy	Levy	Change
Components of Tax Levy			
General Revenue	\$ 3,529,352	\$ 3,766,000	\$ 236,648
Capital Reserves	762,040	1,127,360	365,320
Debt Service	640,000	655,000	15,000
Tax Abatements	88,814	81,385	(7,429)
Total	\$ 5,020,206	\$ 5,629,745	\$ 609,539
Per Capita Comparisons			
City of Otsego	\$ 335	\$ 364	8.49%
Statewide	\$ 463	n/a	Source = LMC
Tax Rate Comparisons			
City of Otsego	37.921	37.879	-0.11%
Statewide	46.520	n/a	Source = LMC
Region 7W	47.165	n/a	Source = LMC
Metro Cities (10-25k)	46.960	n/a	Source = LMC
Greater MN Cities (10-25k)	52.448	n/a	Source = LMC
City of Rogers	37.879	38.687	Source = County
City of Elk River	46.170	46.070	Source = City
City of St. Michael	37.772	37.484	Source = County
City of Albertville	52.370	51.566	Source = County

2017 Tax Levy – Tax Capacity

	2016	2017	(\$)
	Levy	Levy	Change
Property Type			
Residential	\$ 10,128,207	\$ 11,245,246	\$ 1,117,039
Commercial & Industrial	2,166,341	2,627,164	460,823
Agricultural	614,866	583,035	(31,831)
Personal Property	328,948	407,194	78,246
Total	\$ 13,238,362	\$ 14,862,639	\$ 1,624,277



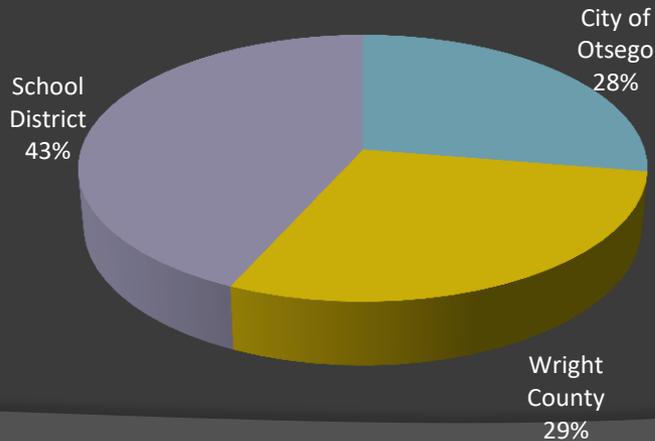
2017 Tax Levy - Illustrations

	2016	2017	(%)	
	Levy	Levy	Change	Comments
Residential				
Median Sale Price	\$ 295,238	\$ 310,000	5.00%	Source - Edina Realty (Value) / Increase % (County)
Less: Market Value Exclusion	(10,669)	(9,340)		Max Benefit = \$30,400 / Phase Out = \$413,778
Taxable Market Value	284,569	300,660		Subtract MV Exclusion from Estimated MV
Class Rate	1.00%	1.00%		Set by Legislature (Over \$500k is 1.25%)
Tax Capacity	2,846	3,007		Taxable MV Multiplied by Class Rate
City of Otsego - Tax Rate	37.921	37.879	-0.11%	Tax Levy Divided by Tax Capacity * 100
City of Otsego - Estimated Taxes	\$ 1,079	\$ 1,139	5.53%	Tax Capacity Multiplied by Tax Rate
Commercial				
Arbitrary Example	\$ 700,000	\$ 700,000	0.00%	No change so that tax rate changes are evident
Tax Capacity	13,250	13,250		Class Rates are 1.50% - 2.00%
City of Otsego - Tax Rate	37.921	37.879		
City of Otsego - Estimated Taxes	\$ 5,025	\$ 5,019	-0.11%	Tax Capacity Multiplied by Tax Rate

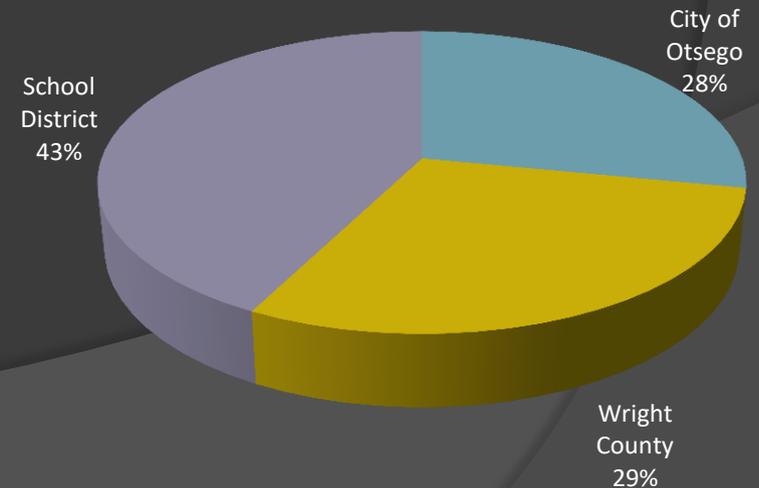
2017 Tax Levy - Distribution

	2016 Levy	2017 Levy	(%) Change
Tax Rates			
City of Otsego	37.921	37.879	-0.11%
Wright County	39.970	39.604	-0.92%
School District	39.266	37.197	-5.27%
School District - RMV	19.441	19.367	-0.38%
Total Tax Rate	136.598	134.047	-1.87%
Estimated Taxes of Median Sale Price			
City of Otsego	\$ 1,079	\$ 1,139	5.53%
Wright County	1,137	1,191	4.69%
School District	1,117	1,118	0.09%
School District - RMV	574	600	4.53%
Total Estimated Property Taxes	\$ 3,908	\$ 4,048	3.58%

2016



2017



Capital Improvement Plan (CIP)

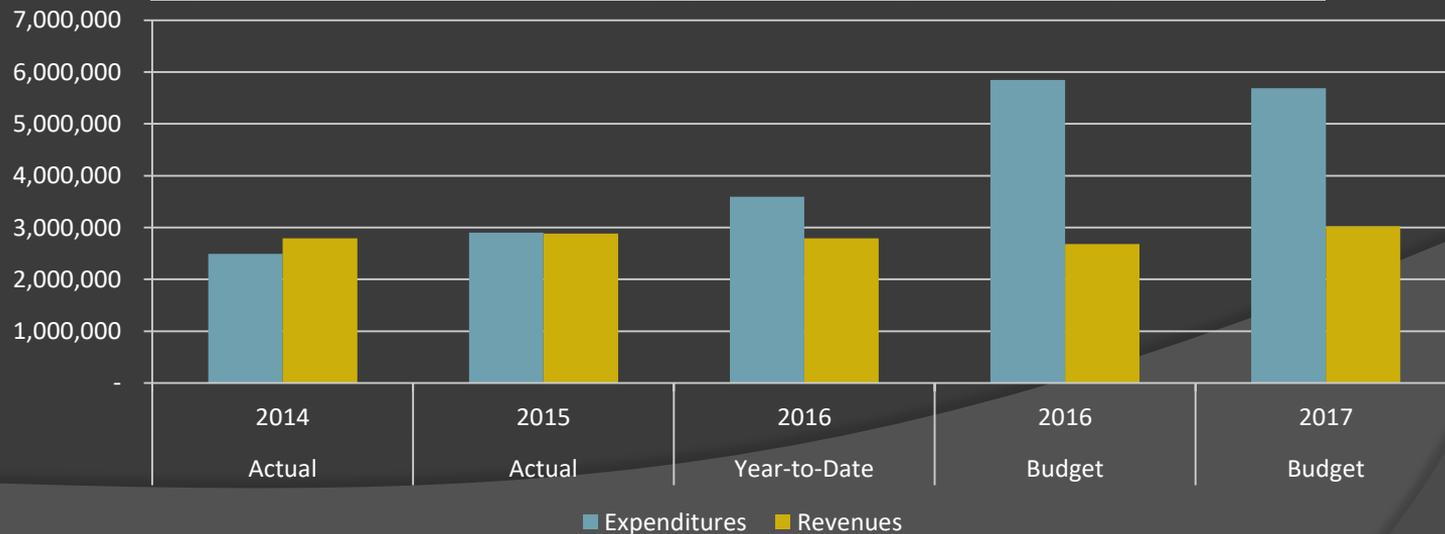
- ① 10 Year Plan (2017-2026)
- ① The CIP does not provide final authority
 - City Council approves each item specifically before expenditures incurred
- ① Estimated 2017 Investment = \$5,374,250
 - Proposed items have feasible funding sources

Capital Improvement Plan (CIP)

- ◎ Significant 2017 Items
 - Public Utility Systems
 - Rehabilitation of Water Tower #1 - \$446k
 - Water Main Extension to Well #7 - \$1.525M
 - Streets
 - Maintenance & Reconstruction - \$1M
 - 85th & Maciver Street Construction - \$850k
 - Parks - \$760k
 - Norin Landing & Lefebvre Creek Greenway
 - Vehicle Fleet - \$399k

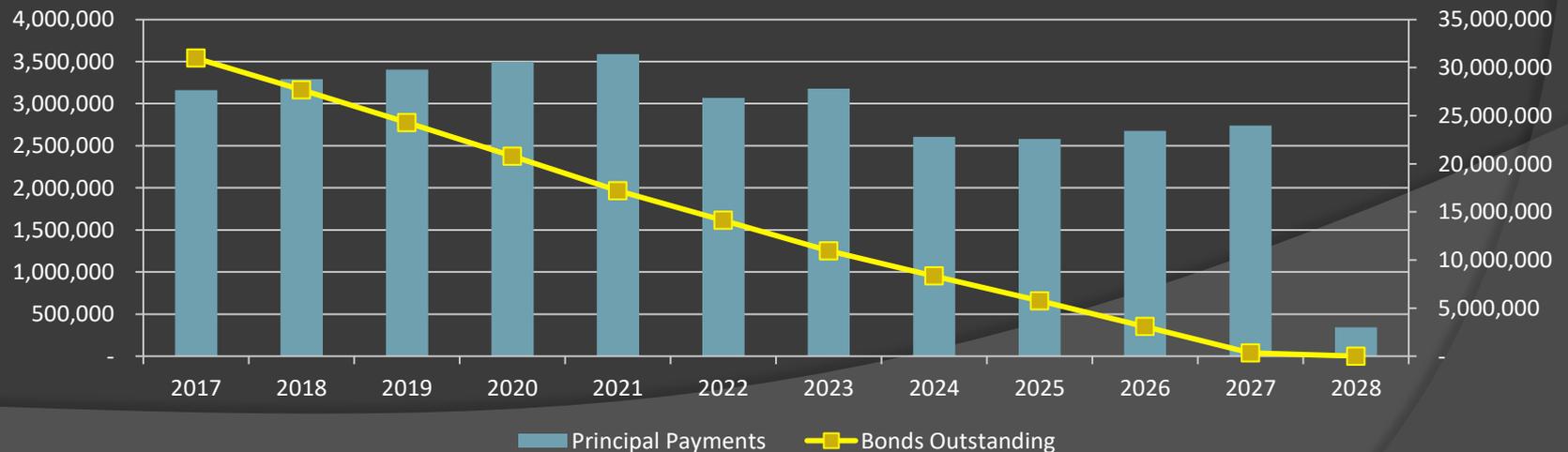
Public Utility Funds

	Water	Sanitary Sewer	Storm Water
Public Utility Funds			
Operating	\$ 1,153,850	\$ 1,598,576	\$ 100,000
Non-Operating	168,588	-	-
Total Revenues	1,322,438	1,598,576	100,000
Personal Services	91,516	274,545	12,000
Supplies	212,486	164,703	22,500
Services & Other Charges	467,657	549,382	29,800
Capital Outlay	1,764,380	228,635	-
Depreciation	510,000	925,000	23,000
Debt Service	100,000	100,000	-
Interfund Transfers	48,561	155,481	5,000
Total Expenses	3,194,600	2,397,746	92,300
Net Income / (Loss)	\$ (1,872,162)	\$ (799,170)	\$ 7,700



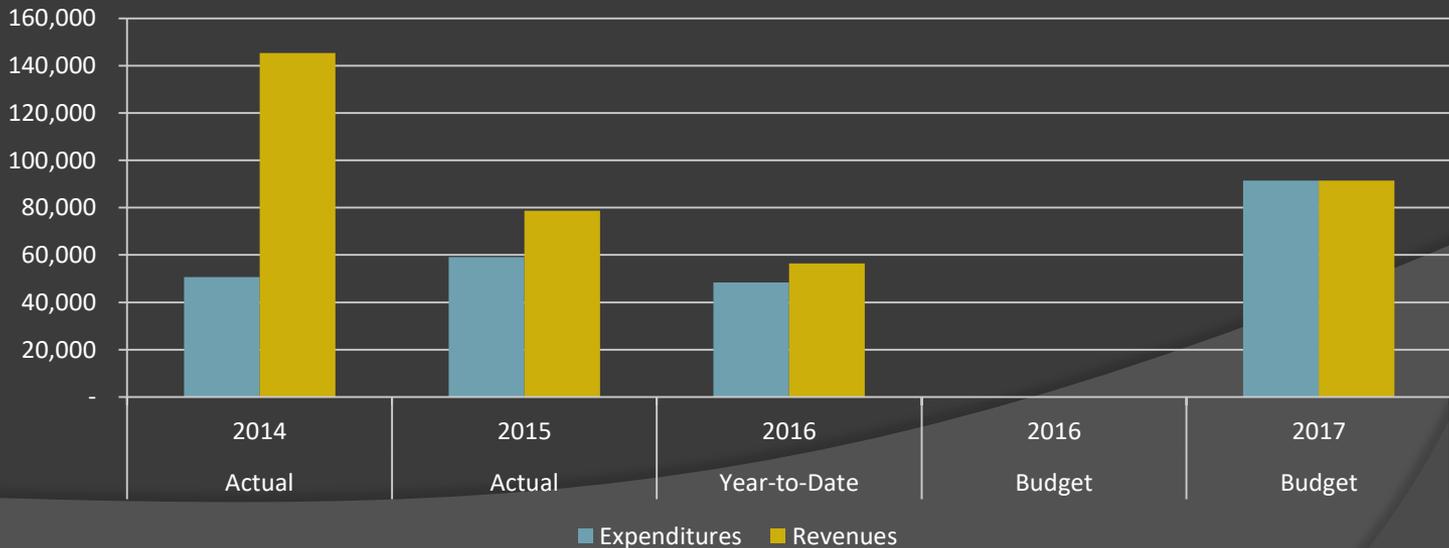
Debt Service Funds

Description	Actual 2014	Actual 2015	Year-to-Date 2016	Budget 2016	Budget 2017
Revenues					
Taxes	\$ 303,035	\$ 610,000	\$ 320,000	\$ -	\$ 655,000
Special Assessments	682,089	539,160	568,177	-	438,681
Utility Availability + Connection Charges	2,402,922	1,760,425	3,226,881	-	1,726,000
Investment Earnings	145,095	47,219	-	-	-
Interfund Transfers	-	154,000	50,000	-	49,000
<i>Subtotal</i>	3,533,142	3,110,804	4,165,058	-	2,868,681
Expenditures					
Principal	6,575,000	1,130,000	3,210,000	-	3,160,000
Interest	1,368,571	1,263,180	1,239,608	-	1,172,859
Fiscal Agent Fee's	2,866	4,630	2,475	-	4,750
Debt Service Amortizations	-	(78,882)	-	-	(78,882)
<i>Subtotal</i>	7,946,437	2,318,928	4,452,083	-	4,258,727
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	\$ (4,413,295)	\$ 791,877	\$ (287,025)	\$ -	\$ (1,390,046)



Special Revenue Funds

Description	Actual 2014	Actual 2015	Year-to-Date 2016	Budget 2016	Budget 2017
Revenues					
Taxes	\$ 22,911	\$ 23,000	\$ 44,407	\$ -	\$ 81,385
Charges for Services	117,476	27,006	12,007	-	10,000
Investment Earnings	4,953	2,333	-	-	-
Miscellaneous	-	26,371	-	-	-
<i>Subtotal</i>	145,339	78,710	56,414	-	91,385
Expenditures					
Services & Other Charges	50,612	59,060	48,426	-	91,385
<i>Subtotal</i>	50,612	59,060	48,426	-	91,385
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	\$ 94,727	\$ 19,651	\$ 7,988	\$ -	\$ -



Remaining Steps

- ⦿ City Council to take Public Input
- ⦿ Consideration of Resolutions
 - Adopting the 2017 Annual Operating Budgets
 - Setting the Final Tax Levy for Payable 2017
 - Adopting the 2017-2026 CIP

Questions

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