

**2019 Preliminary  
General Fund Budget  
and Property Tax Levy  
September 10, 2018**

# 2019 Preliminary Tax Levy

- ▶ General Fund Tax Levy - \$4,898,453
  - Increase of \$140,000 – 2.94%
  - 1<sup>st</sup> General Fund Levy increase since 2013
- ▶ Debt Service Levy - \$1,541,578
  - Decrease of \$10,739 or .69%
  - Includes \$60,000 of the \$750,000 committed for Debt Levy reduction
- ▶ Total Tax Levy - \$6,440,031
  - Increase of \$129,261 or 2.05%
- ▶ HRA Levy \$109,000
  - No change from 2018

# 2019 General Fund & Debt Levy

<u>Last Year</u>	<u>Fund Description</u>	<u>2018</u>	<u>2019</u>	<u>2019 Levy Increase/(Decrease) from 2018</u>	
	General Fund Levy	4,758,453	4,758,453	-	
	General Fund Levy Increase	-	140,000	140,000	
		<u>4,758,453</u>	<u>4,898,453</u>	<u>140,000</u>	2.94%
2018	2009A GO Bonds	224,956	-	(224,956)	
2025	2010A GO Bonds	108,918	198,804	89,886	
2021	2011A GO Bonds	33,143	38,449	5,306	
2022	2012A GO Bonds	100,777	101,716	939	
2023	2013A GO Bonds	360,760	360,445	(315)	
2022	2014A GO Equipment Certificates	134,237	132,426	(1,811)	
2024	2014B GO Bonds	196,733	198,487	1,754	
2025	2015A GO Bonds	225,532	216,921	(8,611)	
2025	2016A GO Bonds	213,864	212,184	(1,680)	
2027	2017A GO Bonds	143,397	142,146	(1,251)	
2028	2018A GO Bonds	-	-	-	
	Total Debt Levy	<u>1,742,317</u>	<u>1,601,578</u>	<u>(140,739)</u>	-8.08%
	Transfer from 301	(190,000)	(60,000)	130,000	
	Total Debt Levy	<u>1,552,317</u>	<u>1,541,578</u>	<u>(10,739)</u>	-0.69%
	Total General Fund and Debt Levy	<u>6,310,770</u>	<u>6,440,031</u>	<u>129,261</u>	2.05%



# 2019 HRA Levy

Description	2018 Actual	2019 Requested	Change
Housing Study	\$5,000	\$5,000	-0-
Residential Rehab	\$20,000	\$15,000	-\$5,000
City Acquired Substandard Property Demolition	\$15,000	\$15,000	-0-
Section 8 Fee Offset	\$25,000	\$15,000	-\$10,000
Public Housing Reserve	\$44,000	\$30,000	-\$14,000
Office Acquisition	<u>-0-</u>	<u>\$140,000</u>	<u>\$140,000</u>
<b>Total</b>	<b><u>\$109,000</u></b>	<b><u>\$220,000</u></b>	<b><u>\$111,000</u></b>

Minnesota Statute 469.033, Subdivision 6

“The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed .0185 percent of estimated market value”

2018 estimated market value - \$938,426,400 times .0185% = \$173,609



# Market Value Changes

## CITY OF ALBERT LEA

### Market Value Analysis

4/6/2018

	2017 Estimated Market Value 2018 Taxes Payable Fall Mini Abstract	New Construction	Market Value Adjustments	% Increase	2018 Estimated Market Value 2019 Taxes Payable Spring Mini Abstract
Land	\$183,827,500				\$183,903,100
Buildings	\$712,209,600				\$754,523,300
<b>Total</b>	<b>\$896,037,100</b>				<b>\$938,426,400</b>
Agricultural	\$7,687,000	\$0	\$8,600	0.11%	\$7,695,600
Residential	\$632,197,300	\$3,756,400	\$37,547,600	5.94%	\$673,501,300
Apartments	\$44,012,700	\$0	-\$877,800	0.00%	\$43,134,900
Commercial	\$146,883,200	\$1,949,100	-\$1,238,000	-0.84%	\$147,594,300
Industrial	\$65,256,900	\$476,600	\$766,800	0.00%	\$66,500,300
<b>Total</b>	<b>\$896,037,100</b>	<b>\$6,182,100</b>	<b>\$36,207,200</b>	<b>4.04%</b>	<b>\$938,426,400</b>

No Local Board of Appeal and Equalization  
Prepared by the Freeborn County Assessor's Office



# 2017 – 2019 Levy, Tax Capacity & Tax Rates

Year	Final 2017	Final 2018	Prelim 2019	Change
General Fund	\$4,758,453	\$4,758,453	\$4,898,453	\$ 140,000
Debt Levy	<u>\$1,477,816</u>	<u>\$1,552,317</u>	<u>\$1,541,578</u>	<u>\$ -10,739</u>
Total Levy	<u>\$6,236,269</u>	<u>\$6,310,770</u>	<u>\$6,440,031</u>	<u>\$ 129,261</u>
% Change	1.29%	1.19%	2.05%	
Net Tax Capacity	\$9,885,138	\$9,728,921		
% Change	2.80%	-1.58%		
Tax Rate	63.087	64.866		
% Change	-1.92%	2.82%		
\$100,000 Property	\$630.87	\$648.66		
\$ Change per Year	-\$12.35	\$17.79		
% Change	-1.92%	2.82%		

- Tax Rate calculated using Levy/Net Tax Capacity
- Property Tax on \$100,000 property calculated based on Taxable Market Value after Homestead Exclusion





# 2019 Revenue Highlights

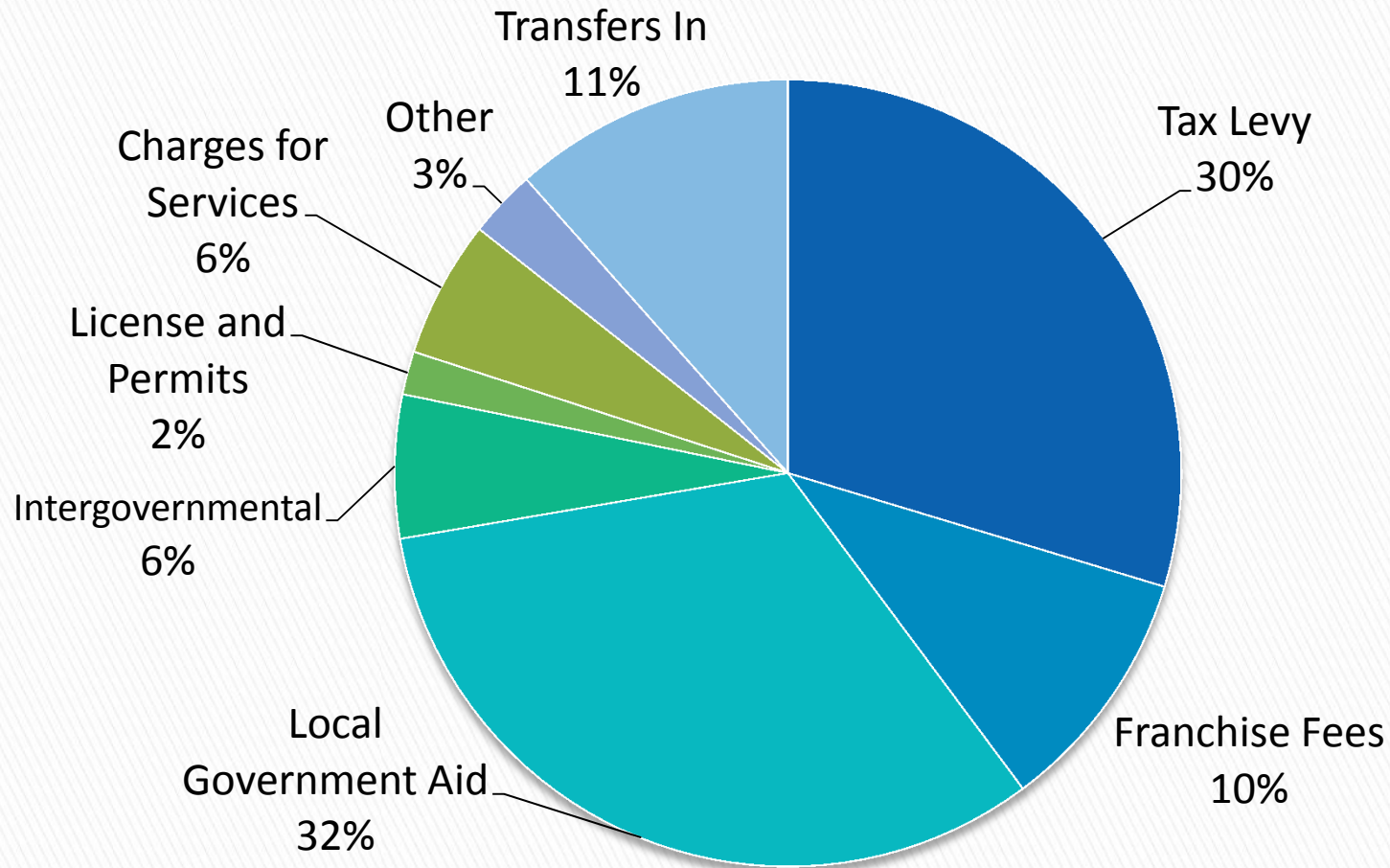
- ▶ \$140,000 increase in General Fund Levy
  - Every \$60,000 – 1% increase/decrease in the Total Levy
- ▶ Increase of \$7,750 in LGA
- ▶ \$20,000 increase in State Police Aid
- ▶ Increase of \$75,000 in franchise fees
- ▶ Increase of \$81,000 in PILOT and Overhead Transfers
  - PILOT – Payment in Lieu of Taxes
  - Overhead – amount charged to the Utility funds for General fund expenditures
- ▶ Increase of \$25,000 in building permit revenue
- ▶ Addition of \$100,000 hazardous property removal revenue

# 2018 vs 2019 Revenues

	2018	2019	\$ Change	% Change
Tax Levy	4,758,453	4,898,453	140,000	2.9%
Other taxes	147,000	150,000	3,000	2.0%
Franchise Fees	1,600,000	1,675,000	75,000	4.7%
Licenses & Permits	269,650	293,150	23,500	8.7%
Local Govt Aid	5,360,451	5,368,201	7,750	.1%
Other Intergovernmental	922,535	972,200	49,665	5.4%
Charges for Services	776,700	934,300	157,600	20.3%
Fines	100,000	102,000	2,000	2.0%
Misc	207,965	206,100	-1,865	-.9%
Transfers In	<u>1,830,884</u>	<u>1,912,000</u>	<u>81,116</u>	<u>4.4%</u>
<b>Total Revenues</b>	<b>15,973,638</b>	<b>16,511,404</b>	<b>537,766</b>	<b>3.4%</b>



# 2019 General Fund Budget - Revenues



# 2019 Expense Highlights

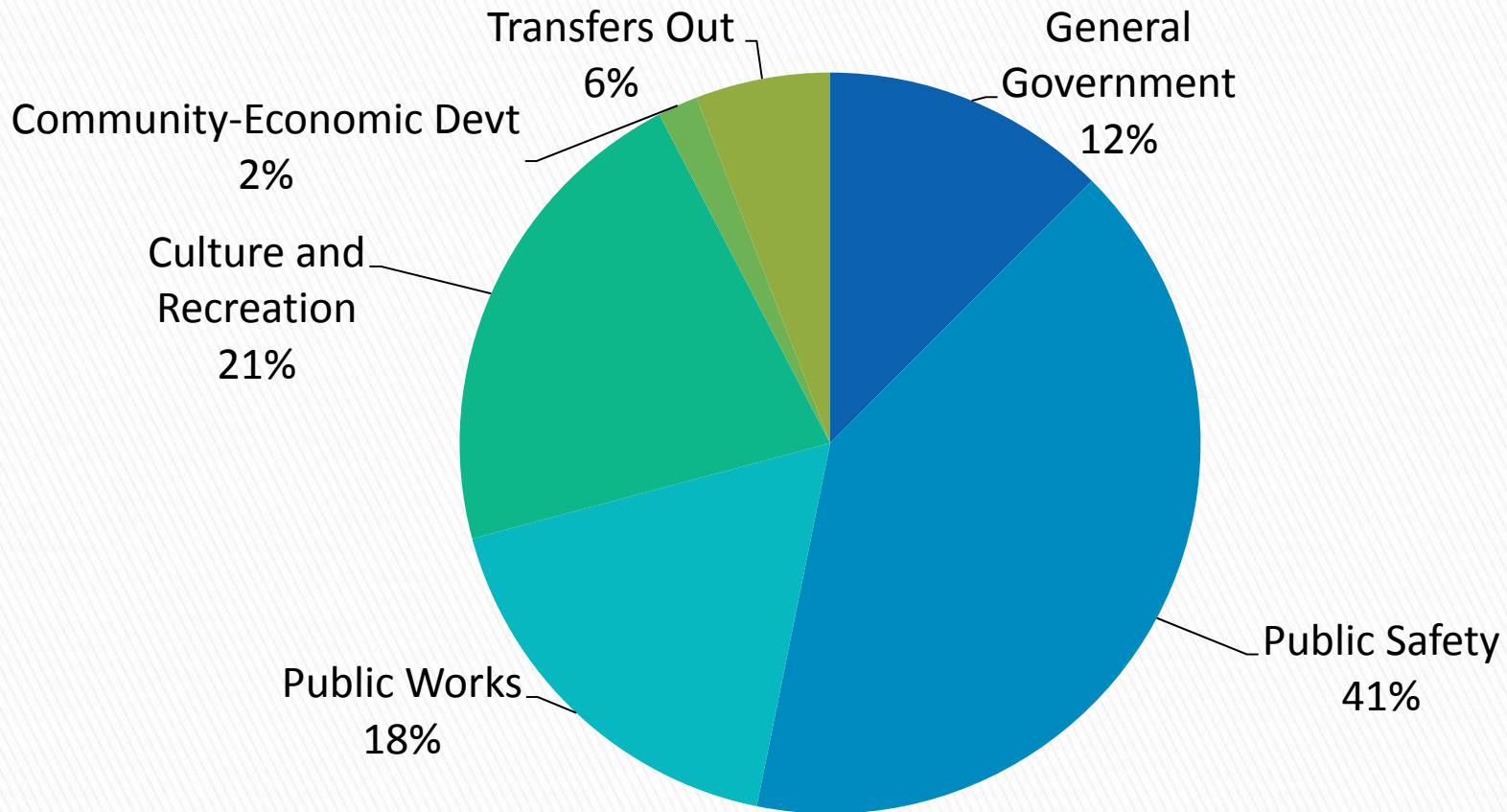
- ▶ COLA increase based on current contracts
  - 3.25% Patrol Officers, Sergeants, Detectives; 2.5% all others
- ▶ 10% Health Insurance Premium Increase
- ▶ Police and Fire – Increase from 16.2% to 16.95% PERA Contribution
- ▶ Fire \$40,000 flat rate workers comp insurance for on-call firefighters
- ▶ Staffing Changes
  - Addition of Planner – decrease in Outside Consultant costs
  - Part-time City Center maintenance position added in 2018
  - Reduction in part-time Arena help to add full-time position
- ▶ Compensation Study - \$30,000
- ▶ Increase in IT Charges - \$40,000
- ▶ Increase in Hazardous Property Removals - \$20,000

# 2018 vs 2019 General Fund Expenses

	2018	2019	\$ Change	% Change
Administration	2,009,365	2,060,923	51,558	2.6%
Police	3,848,033	4,041,239	193,206	5.0%
Fire	2,080,294	2,222,228	141,934	6.8%
Inspections	444,309	455,445	11,136	2.5%
Community/Eco Devt	201,350	289,368	88,018	43.7%
Public Works	2,868,609	2,918,073	49,464	1.7%
Recreation	1,062,541	1,112,203	49,662	4.7%
Parks/Forestry	1,372,691	1,351,971	-20,720	-1.5%
Library	1,115,446	1,088,954	-26,492	-2.4%
Transfers Out	<u>971,000</u>	<u>971,000</u>	<u>-0-</u>	<u>0.0%</u>
Total GF Budget	15,973,638	16,511,404	537,766	3.4%



# 2019 General Fund Budget - Expenses



# What do your taxes buy you?

Description	Amount
General Government (Administration, Finance, Human Resource, City Attorney...)	\$6.20
Public Safety (Fire, Police, Building Inspection)	\$19.66
Public Works (Streets, Engineering)	\$8.85
Culture & Recreation (Parks, Recreation, Library)	\$10.95
Economic/Community Development	\$.62
Transfers Out	\$3.00
Debt Service	<u>\$4.79</u>
Total Monthly	<u>\$54.07</u>
Total Annual	\$648.66

Based on \$100,000 Net Taxable Value and 2018 Tax Rate of 64.866



# Next Steps

- ▶ September, October & November
  - Department budget presentations
  - Finalize General Fund Budget
  - Review and Finalize the 2019 – 2023 Capital Improvement Plan
  - Review and Finalize the Financial Management Plan
  - Review and Finalize the Water, Sewer, Solid Waste, Airport and Senior Center Budgets
  - Review Utility Rate Study and Discuss 2019 Utility Rates
    - Rate Study recommends 7% Water Rate Increase and no Sewer Rate Increase
- ▶ December 11 Approve Final Tax Levy
  - Final Levy can decrease from Preliminary Levy
  - Approve Final Budgets for General Fund, Airport, Senior Center, Water, Sewer and Solid Waste
  - Approve 2019 – 2023 Capital Improvement Plan
  - Adopt 2019 Fee Schedule





# Questions