

# 2020 TAX LEVY AND BUDGET PROPOSAL

December 3<sup>rd</sup>, 2019

## PRESENTATION OUTLINE

- Budget Basics
- Proposed 2020 General Fund Budget
  - Expenditures
  - Revenues
- Proposed 2020 Tax Levy
  - Basics of Property Taxes
  - City of Maple Lake Tax Levy
  - Calculation of Property Taxes
  - Comparisons
- Summary



## BUDGET BASICS

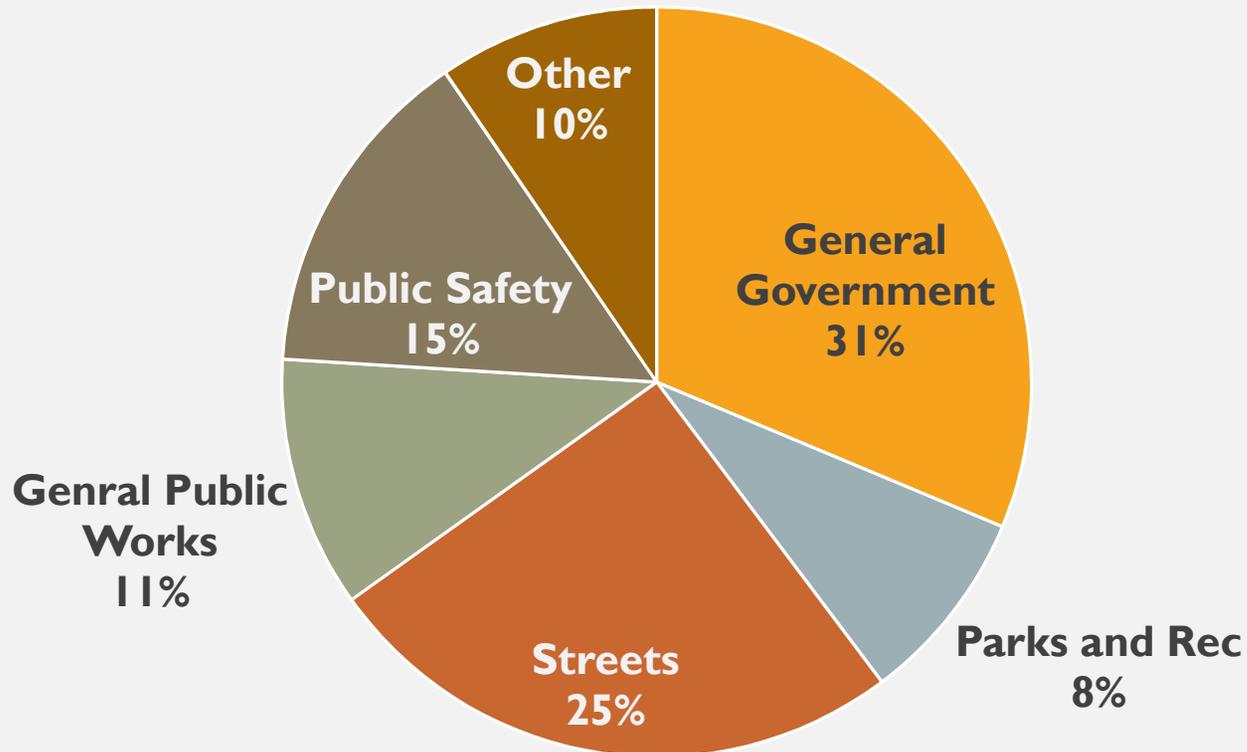
- The Budget is a tool utilized by the City to allocate resources towards goals and priorities of the City for the upcoming year.
- The Budget is a reflection of the plans, policies, and objectives regarding the services the City plans to provide
- The Budget is a tool to reach an end – providing the quality services and while maintaining resource management

## BUDGET BASICS

- Needs and priorities determined
- Strategies 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 2020 GENERAL FUND BUDGET - EXPENDITURES

- Total General Fund Expenditures - \$1,580,530

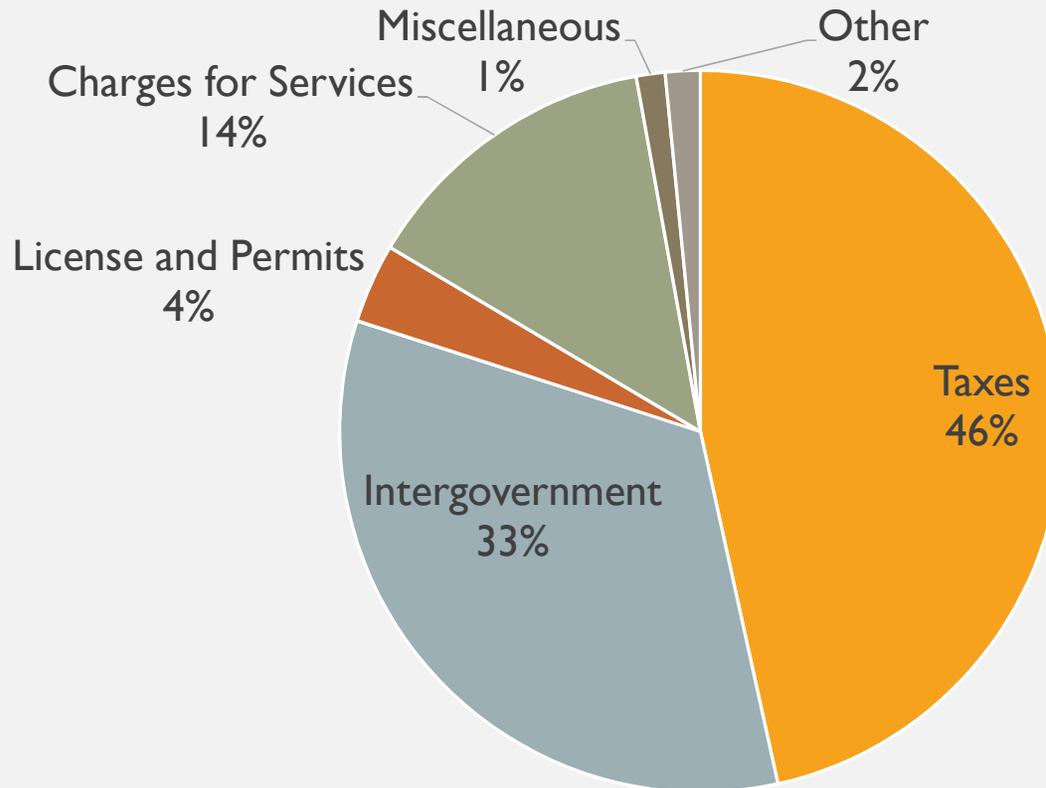


## PROPOSED 2020 GENERAL FUND EXPENSES - EXPENDITURES

- Items Impacting Expenditures
  - 1.7% Cost of living Adjustment
  - Park Improvements
  - City Hall Updates
  - Capital needs (Street construction, infrastructure)
  - Three 2020 Elections

## PROPOSED 2020 GENERAL FUND BUDGET - REVENUES

- Total General Fund Revenues - \$1,605,530



## PROPOSED 2020 GENERAL FUND BUDGET - REVENUES

- Items Impacting Revenues
  - Property Taxes
  - Local Government Aid
    - Increase in Aid for 2020

# PROPOSED 2020 GENERAL FUND BUDGET

- Summary
  - Balanced General Fund Budget
  - Total General Fund increase of \$95,542
  - Conservative estimate of Permits

## PROPOSED 2020 TAX LEVY – BASICS OF PROPERTY TAXES

- How are property taxes calculated?
  - City Tax amount payable is calculated by taking the taxable value times the class rate (.01), multiplied by the tax rate (65.35% in 2020.)
  - Taxable Market Value = \$100,000
  - $\$100,000 * .01 = \$1,000$
  - $\$1,000 * 65.35\%(\text{City Tax Rate}) = \$654$  (City Taxes Due)
- The net tax capacity 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
- Property taxes support three levels of government – City, County, and School District
- State establishes a formula for how taxes are divided amongst properties
- Homesteaded properties valued at less than \$413,800 are allowed an exclusion of a portion of their market value

## PROPOSED 2020 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
  - State Changes to Market Value Program

## PROPOSED 2020 TAX LEVY –CITY OF MAPLE LAKE TAX LEVY

- Preliminary 2020 Tax Rate – 66.357%
- Actual 2019 Tax Rate – 66.307%
- The City establishes a levy amount based on three factors:
  - General Fund (general operations of the City)
  - Debt Service
  - Tax Abatement

## PROPOSED 2020 TAX LEVY –CITY OF MAPLE LAKE TAX LEVY

- The general operations levy is \$667,271
  - An increase of \$48,014 or 7.75%, over last year's levy
  - This compares to a levy increase of \$36,309, or 6.2% for 2019.

## PROPOSED 2020 TAX LEVY –CITY OF MAPLE LAKE TAX LEVY

- The debt levy is \$194,129
  - Birch Ave - \$79,000
  - Linden/Park Bond - \$54,300
  - 2016 Street Improvement - \$32,500
  - 2018 Street Improvement - \$7,525
  - 2019 Street Improvement - \$20,805

## PROPOSED 2020 TAX LEVY –CITY OF MAPLE LAKE TAX LEVY

- Total levy for 2020 is \$2,167,159
  - An increase of 5.59% from 2019. Why?
  - Adjustments to budget to better reflect costs

## PROPOSED 2020 TAX LEVY – CALCULATION OF PROPERTY TAXES

- Each property has an assessed market value
- Homesteaded properties valued at less than \$413,800 are allowed an exclusion of a portion of their market value
- Classification rate is applied to the taxable market value to determine the net tax capacity of the property
  - Each type of property has a different classification rate (homestead -1.0%, commercial -1.5%, etc.)
  - Example:  $\$200,000 \times 1.0\% = \$2,000$
- The net tax capacity 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 2020 TAX LEVY – CALCULATION OF PROPERTY TAXES

- Preliminary tax rates for 2020
  - City 66.357% (Final Proposed 65.350%)
  - County 44.393%
  - School 27.196%
  - Total preliminary tax rate 137.756%
  - An example for a \$200,000 homesteaded property is shown on the next slide.

## PROPOSED 2020 TAX LEVY – CALCULATION OF PROPERTY TAXES

|                                  | 2018           | 2019           | 2020           |
|----------------------------------|----------------|----------------|----------------|
| Assessed Market Value            | \$200,000      | \$200,000      | \$200,000      |
| Less: Exclusion                  | 19,240         | 19,240         | 19,240         |
| Taxable Market Value             | \$180,760      | \$180,760      | 180,760        |
| Multiplied by Class Rate of 1%   | \$1,808        | \$1,808        | \$1,808        |
| Multiplied by Tax Rates          |                |                |                |
| City of Maple Lake               | \$1,193        | \$1,199        | \$1,200        |
| Maple Lake School District       | \$598          | \$522          | \$492          |
| <i>School Referendum</i>         |                |                |                |
| Wright County                    | \$722          | \$800          | \$803          |
| <b>Net Tax</b>                   | <b>\$2,514</b> | <b>\$2,521</b> | <b>\$2,495</b> |
| Increase from years 2019 to 2020 |                |                |                |

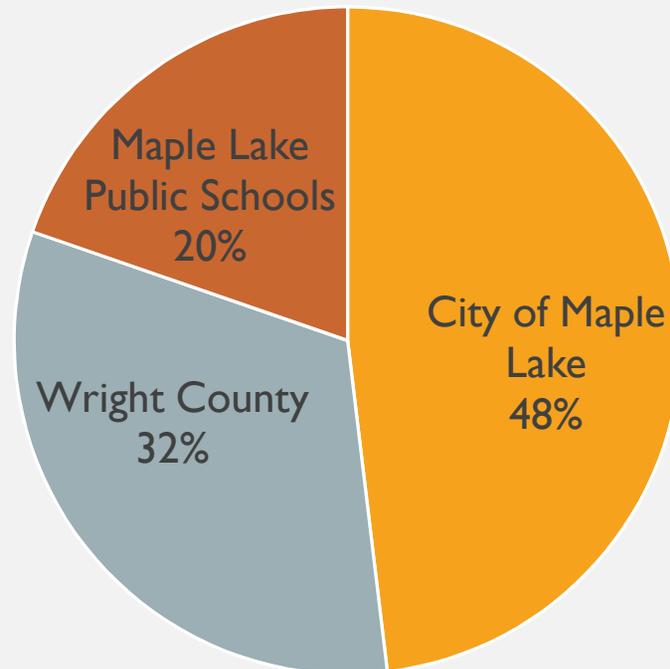
## PROPOSED 2020 TAX LEVY - COMPARISONS

- Of the 17 Cities in Wright County, Maple Lake has the 11<sup>th</sup> lowest proposed total tax rate

| City        | City Rate |
|-------------|-----------|
| Monticello  | 34.959%   |
| Otsego      | 35.077%   |
| St Michael  | 36.737%   |
| Hanover     | 45.124%   |
| Albertville | 47.030%   |
| Rockford    | 48.349%   |
| Delano      | 52.885%   |
| Dayton      | 54.490%   |
| Annandale   | 55.618%   |
| Buffalo     | 55.748%   |
| Maple Lake  | 66.357%   |
| Cokato      | 71.274%   |
| Clearwater  | 72.583%   |
| Howard Lake | 79.184%   |

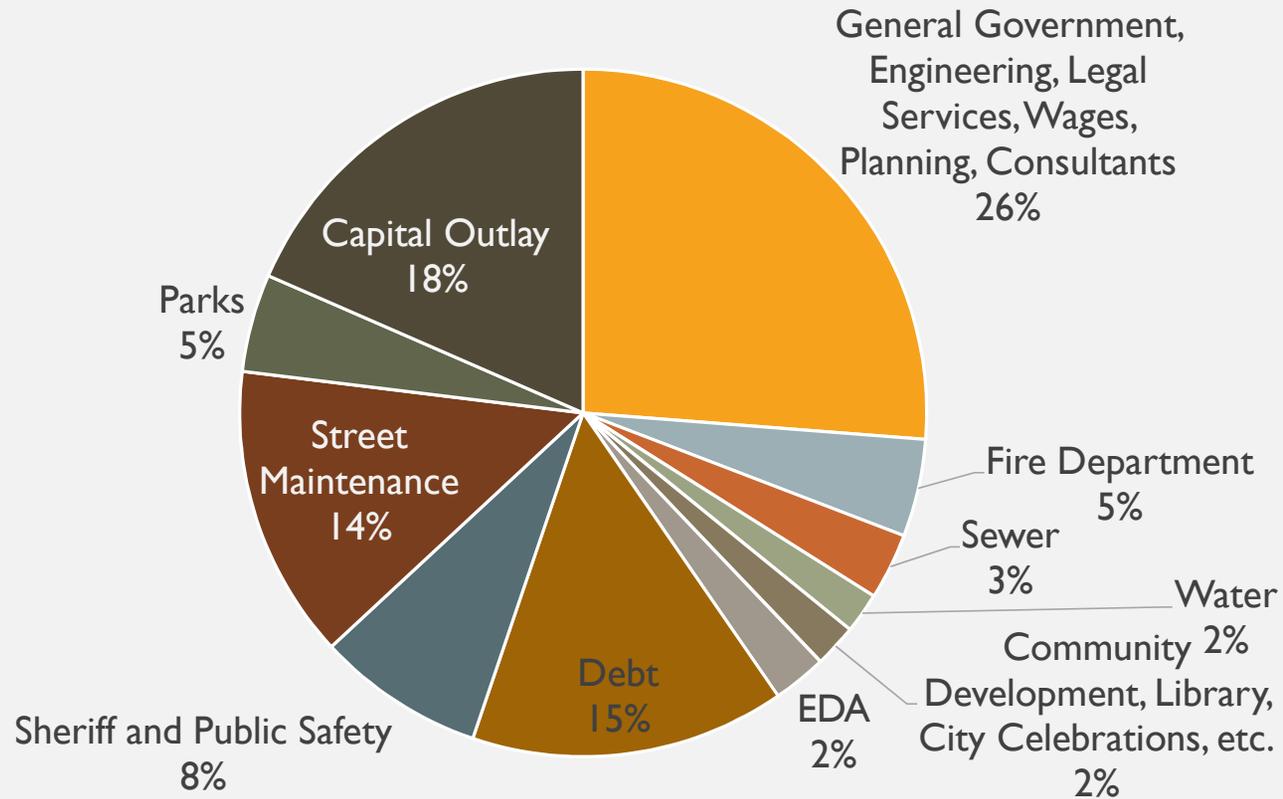
## WHERE DO YOUR TAXES GO?

- Total Property Tax Allocation



# WHERE DO YOUR CITY TAXES GO?

- City of Maple Lake Property Tax Allocation



## WHERE DO YOUR CITY TAXES GO?

- What do you pay for City Services monthly? (\$200,000 House)

| Fire Dept | Sewer  | Water  | Com Dev. | EDA    | Debt    | Public Safety | Streets | Parks  | Capital Outlay |
|-----------|--------|--------|----------|--------|---------|---------------|---------|--------|----------------|
| \$4.58    | \$3.13 | \$1.91 | \$2.01   | \$2.53 | \$14.82 | \$7.89        | \$13.84 | \$4.60 | \$18.47        |

- Compare the cost of a service provided by the City to other services provided or products consumed (i.e. cell phone, cable, fuel, groceries, sporting event, etc.)

## SUMMARY

- Balanced General Fund Budget
- Items property tax payers should consider when paying their property taxes:
  - The City's total levy is increasing by 6.65%. More than half of the increase is related to street improvements.
  - The proposed Levy increase was a 6.65% increase, the final proposed levy increase is 5.59%
  - Cost per month of City services provided.
- The City's overarching goal is to provide the highest quality services in a fiscally responsible manner