

TRUTH IN TAXATION

**Public Informational Hearing on the 2024
Budget and Tax Levy**

**December 5, 2023
6 p.m.**

AGENDA

- Budget Process to Date
- General Truth in Taxation Hearing Information
- How do we compare?
- Property Taxation 101
- Tax Levy and General Fund Budget
- Enterprise Fund Budgets
- Capital Improvement and Debt Management Plan
- Conclusion/Summary
- Next Steps

BUDGET PROCESS TO DATE

- City Council and Staff have held 4 public work sessions over the past 7 months. The first work session was held on May 23 with the last one taking place on November 28
- The City Council adopted the preliminary budget and tax levy in September
- Truth in Taxation Notices were mailed to all City property owners last month

BUDGET PROCESS TO DATE

Truth in Taxation Hearing Purpose

The main purpose of the Truth in Taxation hearing is to enhance the public participation in the property tax system by allowing a public forum to:

- Discuss the Budget
- Discuss the Proposed Tax Levy
- Explain the Increases
- Hear Public Comments and Questions on the Budget and Tax Levy

BUDGET PROCESS TO DATE

- **TONIGHT** – Truth-in-Taxation Hearing
- **TUESDAY, DEC. 12:** Continuation of Truth-in-Taxation Hearing (*if necessary*)
- **TUESDAY, DEC. 19:** Final Budget and Tax Levy will be Adopted by the City Council



General Truth in Taxation Hearing Information

DATA SOURCE:

**CITY OF HUTCHINSON
UNLESS NOTED**

A REMINDER

Tonight we discuss the City's share of
your total 2024 proposed tax bill, not
property valuations

As a taxpayer, at what time of the year do I do what?

NOVEMBER

- I receive the Notice of Proposed Taxes for next year.

OCTOBER

- I pay this year's second half of property taxes.

SUMMER

- The county, city or town, school district and other taxing districts decide on budgets and what portion must come from the property tax levy.

DECEMBER

- Attend meetings about the proposed budget and tax levy to express concerns about the amount of tax I will pay.

MARCH

- I receive my property Tax Statement (based on last year's valuation notice).

APRIL

- I receive the Notice of Valuation for next year's taxes.
- I can talk to the assessor about next year's value.
- Tax court petitions must be filed by the end of this month to appeal last year's estimated market value.

MAY

- I have the right to Appeal next year's value at the local board of review.
- I pay this year's first half of property taxes.

JUNE

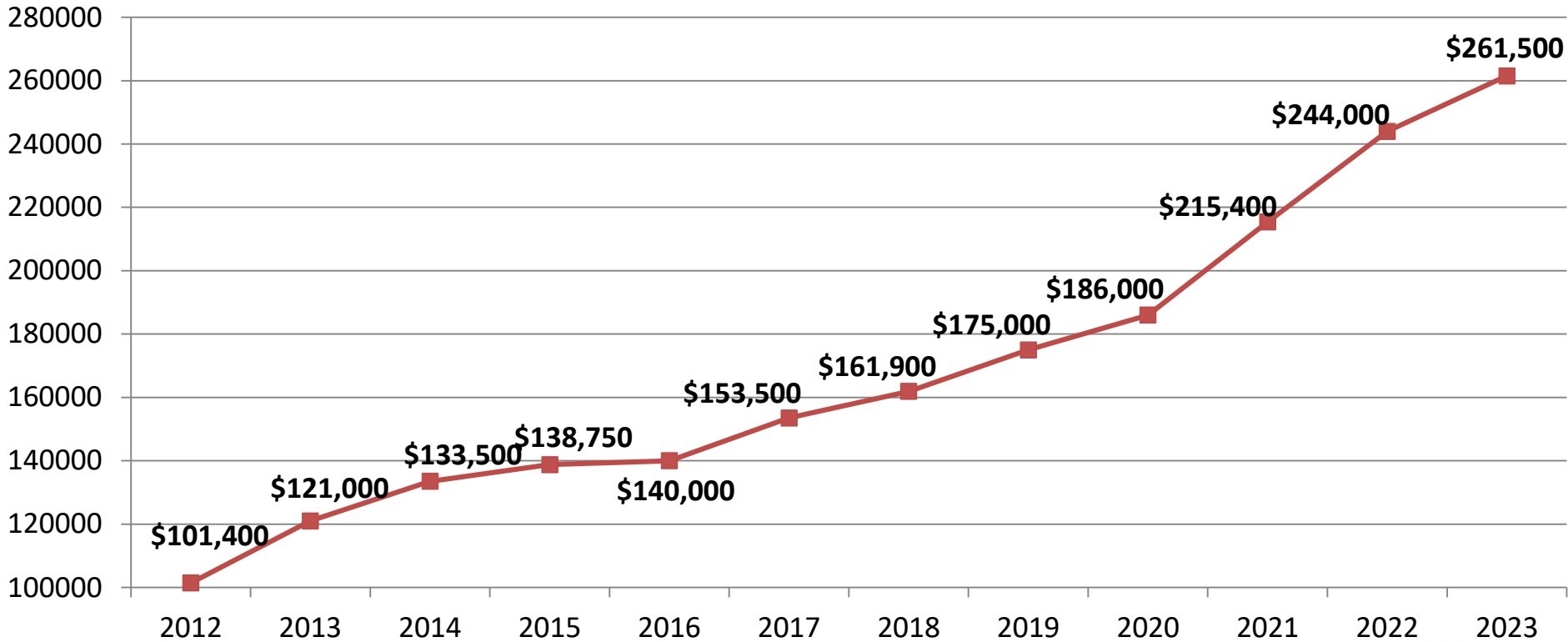
- I have the right to appeal next year's value at the county board of equalization.



BRIEFLY ON VALUATIONS

- In Minnesota, the market value of a property is determined by January 2 of the year prior to the year in which taxes on that property are due. In other words, market values for taxes payable in 2024, were set in January 2023.
- Property Values on Statements recently received are based off of home sales from October of 2021 to September of 2022.
- Property owners will receive new notices of market values from the assessor in March/April of 2024. Questions on Valuations should be addressed at the Open Book Meeting in May/June.

MEDIAN HOME VALUES



Source: Minneapolis Area Realtors & City of Hutchinson

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FIRST OFF!

- The preliminary tax levy set in September, and the property tax affect (statement you got in the mail) showed a City tax increase of **9.3%**
- The preliminary budget was balanced
- The revised budget being discussed tonight includes a **7.2%** tax levy increase and a balanced budget
- The City has adjusted its revenue & expense projections and eliminated roughly **\$178,500** in taxes since it's preliminary budget was adopted in September



Truth in Taxation

How do we Compare?

WHERE WE STAND

Where does Hutchinson stand in regards to the rest of the County when it comes to our average City property tax rate?

Hutchinson's 2023 Average City Tax Rate ranked the 2nd lowest in McLeod County!

1.	Biscay	44.37%	<i><u>Preliminary</u></i>	<i><u>Proposed</u></i>
2.	Hutchinson	53.65%	55.31%	54.22%
3.	Winsted	65.57%		
4.	Glencoe	66.35%		
5.	Plato	68.71%		
6.	Lester Prairie	72.57%		
7.	Silver Lake	87.89%		
8.	Brownton	122.74%		
9.	Stewart	131.65%		

Source: McLeod County/City of Hutchinson

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WHERE WE STAND

Other Outstate Regional Centers (2022)

1.	Cloquet	33.94%
2.	Alexandria	40.06%
3.	Winona	41.46%
4.	Willmar	46.24%
5.	Bemidji	51.13%
6.	Faribault	51.68%
7.	Austin	53.31%
8.	Fergus Falls	58.35%
9.	Northfield	59.80%
10.	Marshall	59.82%
11.	Hutchinson	60.41%
12.	Albert Lea	60.68%
13.	Worthington	61.16%
14.	Fairmont	61.36%
15.	Owatonna	62.10%
16.	Red Wing	68.32%
17.	Brainerd	70.32%
18.	New Ulm	81.18%
19.	Hibbing	95.61%

Regional Center Average = 58.79%

State-Wide City Average = 74.65%

2024 Proposed
54.22%

Source: League of MN Cities

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WHERE WE STAND

9.2% -- Percentage of population below poverty level – **4th Lowest** of all Outstate Regional Centers (2022 Census Estimate)

\$58,795 – Median Household Income – **5th Highest** of all Outstate Regional Centers (2022 Census Estimate)

\$164,000 – Median Home Value – **7th Highest** of all Outstate Regional Centers (2022 Census Estimate)

\$2.67 Million – LGA payment in 2022 – **4th Lowest** of all Outstate Regional Centers

8.4% -- 2024 State-Wide Proposed Property Tax Increase for Cities

7.3% -- 2024 State-Wide Proposed Property Tax Increase for all Taxing Agencies

Source: U.S. Census Bureau/Minnesota Dept. of Revenue

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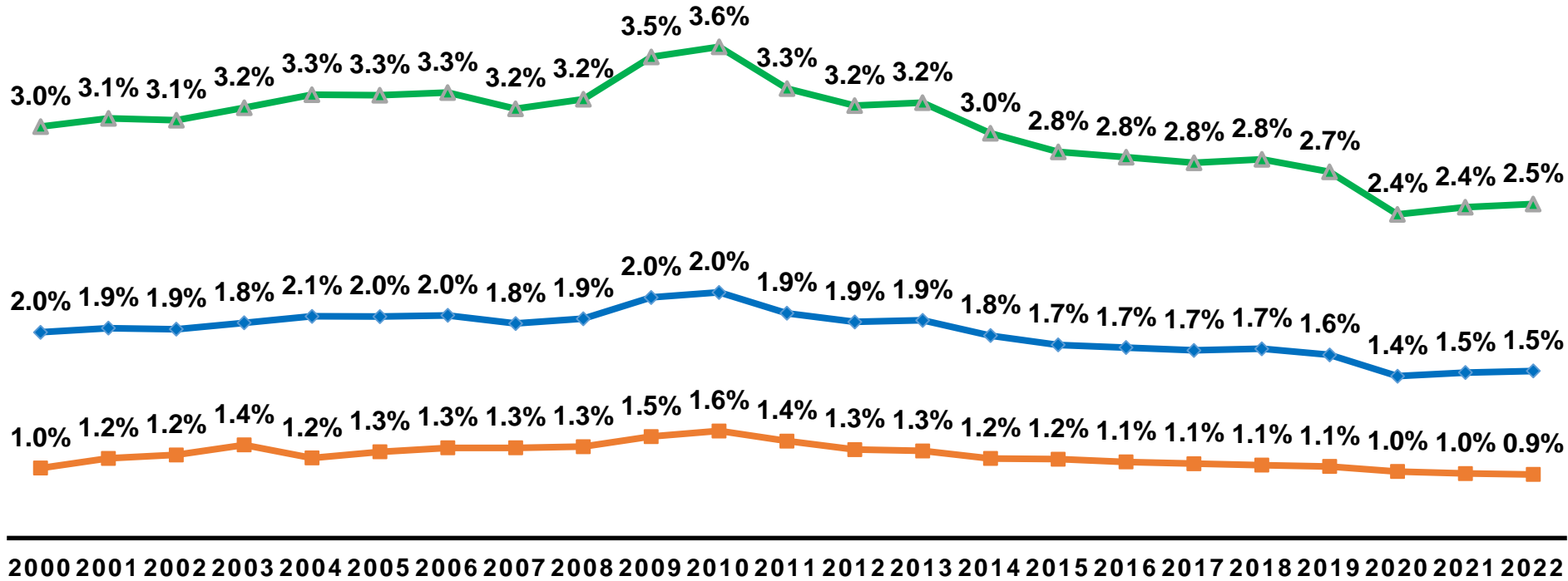
Price of Government for the City of Hutchinson

(percent of every dollar earned going to pay for City services, excluding Electric and Gas Utilities)

Enterprise Funds

Governmental Funds

Total





Truth in Taxation

Property Taxation 101

14 REASONS PROPERTY TAXES VARY FROM YEAR TO YEAR

1. The market value of property may change
2. The market value of other properties in your taxing district may change, shifting taxes from one property to another
3. The State general property tax may change
4. The City budget and levy may change
5. The Township budget and levy may change
6. The County budget and levy may change
7. The School District's budget and levy may change
8. A Special District's budget and levy may change
9. Special Assessments may be added to your property tax bill
10. Voters may have approved a school, city/township, county or special district referendum
11. Federal and State mandates may have changed
12. Aid and revenue from the state and federal governments may have changed
13. The State Legislature may have changed the portion of the tax base paid by different types of properties
14. Other state law change may adjust the tax base

Source: League of MN Cities

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PROPERTY TAXATION 101

Minnesota's property tax system is based off of **5 components**.

1. Local Property Tax Levies (**City**, School District, County, Etc.)
– Which create your local Property Tax Rate
2. Property Tax Classification Rates (Ranges from 0.25% to 2.0% - **Set by the State**)
3. Property Value (Based off of property sales and is set by the **County Assessor**)
4. Tax Credits (Only certain properties get this)
5. State General Tax (**Set by the State** and are assigned to mainly commercial/industrial properties)

EXPLANATION OF THE PROPERTY TAX RATE

Hutchinson's Property Tax Rate is set by taking the city's tax levy and dividing it by its total tax capacity.

$$\$8,835,923 / \$16,297,321 \text{ [Total Tax Capacity]} = 54.22\%$$

Total Tax Capacity = Tax capacity is determined by multiplying a property's market value by its classification rate. Each property rate is assigned a classification rate depending on its use by the State Legislature. Properties associated with income production (commercial & industrial) have a higher classification weight than other properties. The City's total tax capacity is an accumulation of all parcels within the city, minus adjustments.

PROPERTY TAXATION 101

How do I determine the City's portion of my proposed tax bill?

$$[\text{parcel market value}] - [\text{homestead exclusion}] \times [\text{parcel class rate}] \times [\text{city tax rate}] = \text{City portion of your tax bill}$$

Example:

$$\begin{aligned} &\$250,000 \text{ (home)} - \$14,700 \text{ (exclusion)} \times 1.0\% \text{ (class rate)} \times \\ & .5422 \text{ (city tax rate)} = \mathbf{\$1,276} \end{aligned}$$

Glencoe = \$1,561

Winsted = \$1,543

PROPERTY TAXATION 101

2024 Tax Levy Options					
	Adopted 2023	Option 1	Option 2	Current Option 3	Preliminary Option 4
General Fund levy:	3.2%	0.0%	7.40%	9.0%	12.0%
Debt levy:	6.7%	0.0%	2.8%	2.8%	2.8%
TAX CAPACITY (Estimate)	\$15,365,994	\$16,297,321	\$16,297,321	\$16,297,321	\$16,297,321
% Change		6.1%	6.1%	6.1%	6.1%
Tax Levy - General Fund	\$5,834,751	\$5,834,751	\$6,266,523	\$6,358,436	\$6,536,941
Tax Levy - Debt Service	2,409,577	2,409,577	2,477,487	2,477,487	2,477,487
TOTAL LEVY	\$8,244,328	\$8,244,328	\$8,744,010	\$8,835,923	\$9,014,428
Total Levy % Increase over 2023		0.0%	6.1%	7.2%	9.3%
Tax Rate	53.653%	50.587%	53.653%	54.217%	55.312%
Change in Tax Rate		-3.066%	0.000%	0.564%	1.659%
City Tax Impact to Median Home Value					
	Adopted 2023	Option 1	Option 2	Current Option 3	Preliminary Option 4
Median Home Value	\$230,000	\$250,000	\$250,000	\$250,000	\$250,000
Homestead Exclusion	-16,500	-14,700	-14,700	-14,700	-14,700
Net Taxable Value	\$213,500	\$235,300	\$235,300	\$235,300	\$235,300
Estimated City Tax	\$1,145	\$1,190	\$1,262	\$1,276	\$1,301
Change from 2023		\$46	\$118	\$131	\$157
% Change		4.0%	10.3%	11.5%	13.7%



HOMESTEAD EXCLUSION

2011: State repealed the Market Value Homestead Credit (MVHC) and replaced it with the Homestead Market Value Exclusion.

Benefit: City is able to receive its entire Levy amount

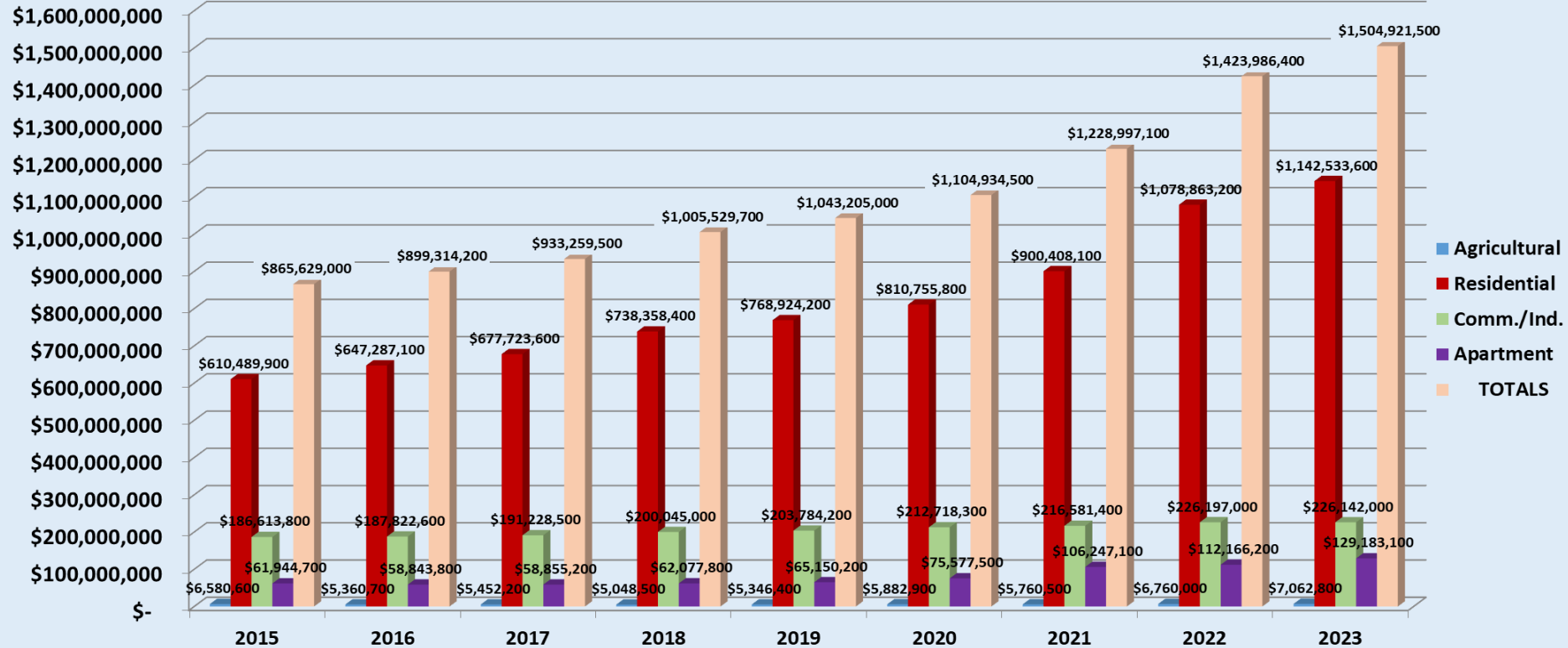
The MVHC reduced the City's collected taxes with the State funding the shortfall. State budget cuts resulted in cities not receiving their entire levy amount.

Homestead Market Value Exclusion:

- Excludes from taxation 40% of the first \$76,000 of the property's value.
- The exclusion is reduced by 9% of the property's value exceeding \$76,000.
- Homesteads valued at more than \$413,800 receive no value exclusion.
- **The State increased the exclusion formula for taxes payable in 2025 which will shift taxes to other property types, lower the City's tax capacity and increase the tax rate.**

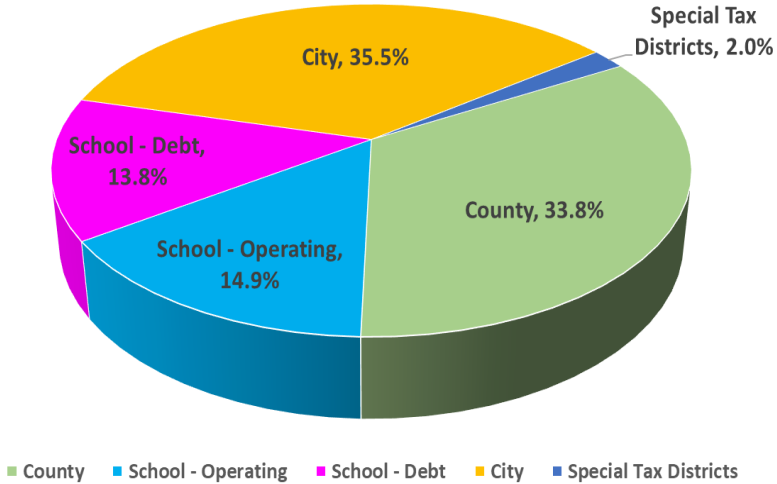
Homestead Market Valuation:	\$ 76,000	\$ 144,000	\$ 250,000	\$ 413,800
Full Exclusion \$76,000 x 40%:	(30,400)	(30,400)	(30,400)	(30,400)
Less: 9% of value above \$76,000:	-	6,100	15,700	30,400
Total Market Value Exclusion:	(30,400)	(24,300)	(14,700)	-
Homestead Valuation for Taxes	\$ 45,600	\$ 119,700	\$ 235,300	\$ 413,800

MARKET VALUE HISTORY

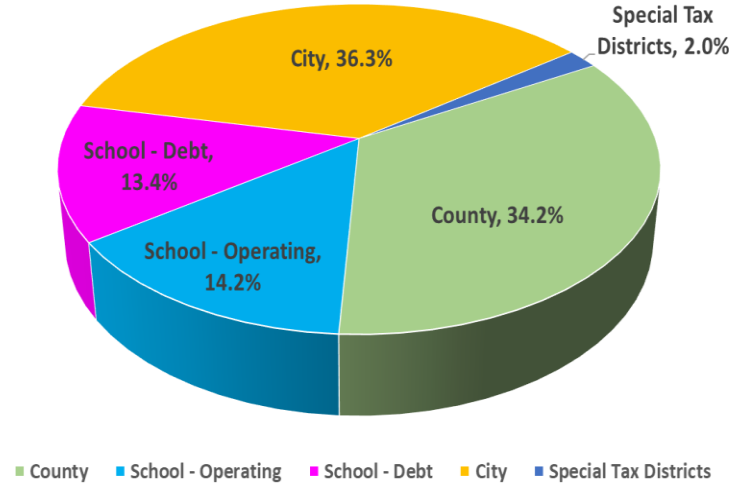


TAX BILL BREAKDOWN

2022 Actual Tax Bill Share by Entity



2023 Actual Tax Bill Share by Entity



Truth in Taxation

**Proposed 2024 Tax Levy and General
Fund Budget**

MISSION STATEMENT

"The City of Hutchinson exists so that residents, businesses, property owners and visitors are provided with quality services and programs that support a safe, healthy, sustainable and business-friendly community with a small town atmosphere, for a cost of government similar to, or less than, comparable out-state Minnesota cities."

7 CORE AREAS OF FOCUS

1) **Public Safety**

- Provide residents & visitors a "Safe" environment with protection of property

2) **Health & Recreation**

- Provide and Contribute to a "Healthy Quality of Life"

3) **Transportation**

- Provide safe and effective movement throughout the City

4) **Economic Development**

- Provide diversification, job growth and employment opportunities

5) **Environment**

- Provide concepts that are sustainable and environmentally friendly

6) **Good Government**

- Citizens perceive the City is delivering quality services at a reasonable price and that there is adequate planning for the future

7) **Housing**

- Safe and affordable housing for all with built on collaboration to meet community housing needs

TAX LEVIES FOR 2024

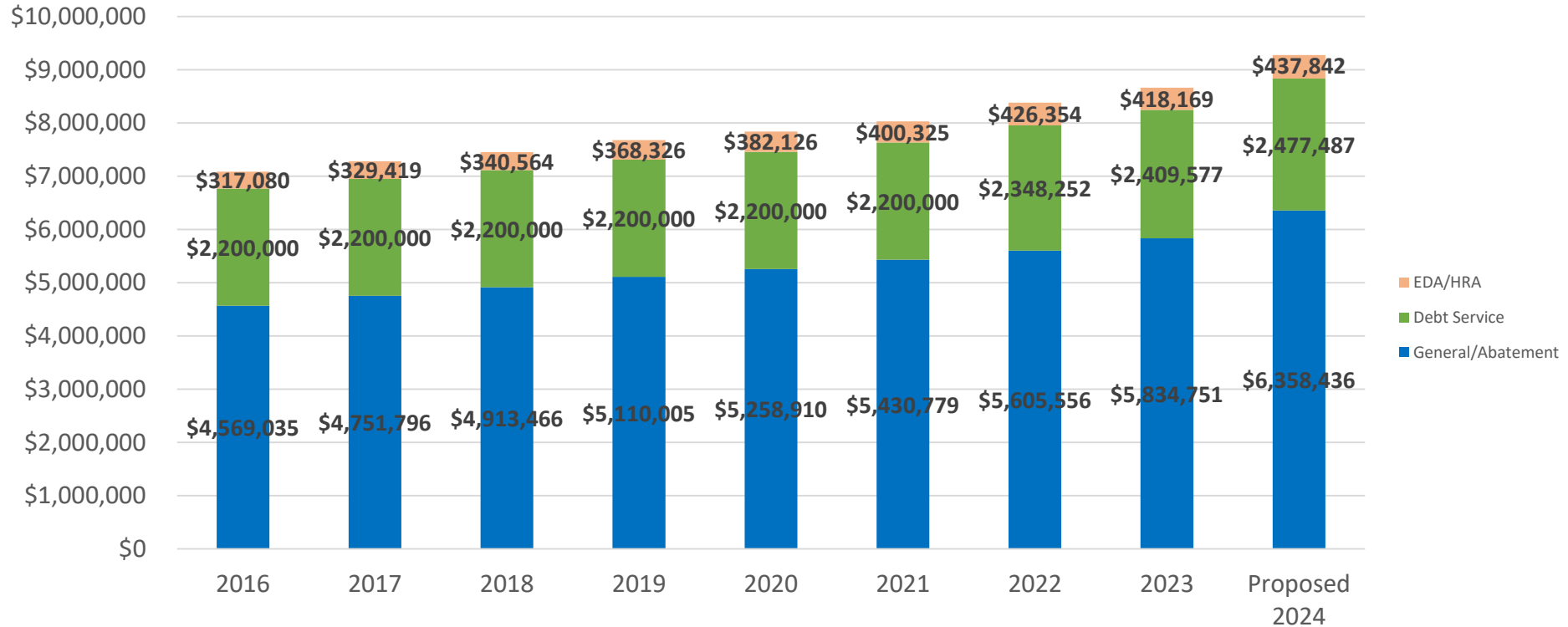
	<u>2023</u>	<u>2024</u>	<u>% ↑</u>
General Fund	\$5,804,751	\$6,333,436	9.1%
Tax Abatement	\$30,000	\$25,000	-16.7%
Debt Funds	\$2,409,577	\$2,477,487	2.8%
Total:	\$8,244,328	\$8,835,923	7.2%
	<u>2023</u>	<u>2024</u>	<u>% ↑</u>
Other Levies			
EDA Levy	\$258,169	\$272,842	5.7%
HRA Levy	\$160,000	\$165,000	2.8%
TOTAL TAX IMPACT	\$8,662,497	\$9,273,765	7.1%

- Statewide preliminary average levy for cities was at a 8.4% increase
- Overall preliminary statewide increase is at 7.3%

2024 DEBT LEVY

G.O. Bond	Maturity	2024	Special	Total	2024
Issuance	Date	Debt Levy	Assessments	Revenue	Debt Payments
2014	2/1/2030	129,180	27,338	156,518	209,663
2015	2/1/2031	139,030	10,191	149,221	188,130
2016	2/1/2032	152,285	23,112	175,397	206,300
2017	2/1/2033	173,959	3,717	177,676	194,100
2018	2/1/2034	136,900	22,719	159,619	199,900
2019	2/1/2035	192,614	13,946	206,560	280,513
2020	2/1/2036	149,044	27,169	176,213	195,423
2021	2/1/2037	164,766	23,965	188,731	206,250
2022	2/1/2038	180,555	9,313	189,868	164,425
2023	2/1/2039	98,541	57,197	155,738	57,235
Police Facility	2/1/2052	960,613	-	960,613	916,913
Totals		\$ 2,477,487	\$ 218,667	\$ 2,696,154	\$ 2,818,851

TAX LEVY COMPARISON



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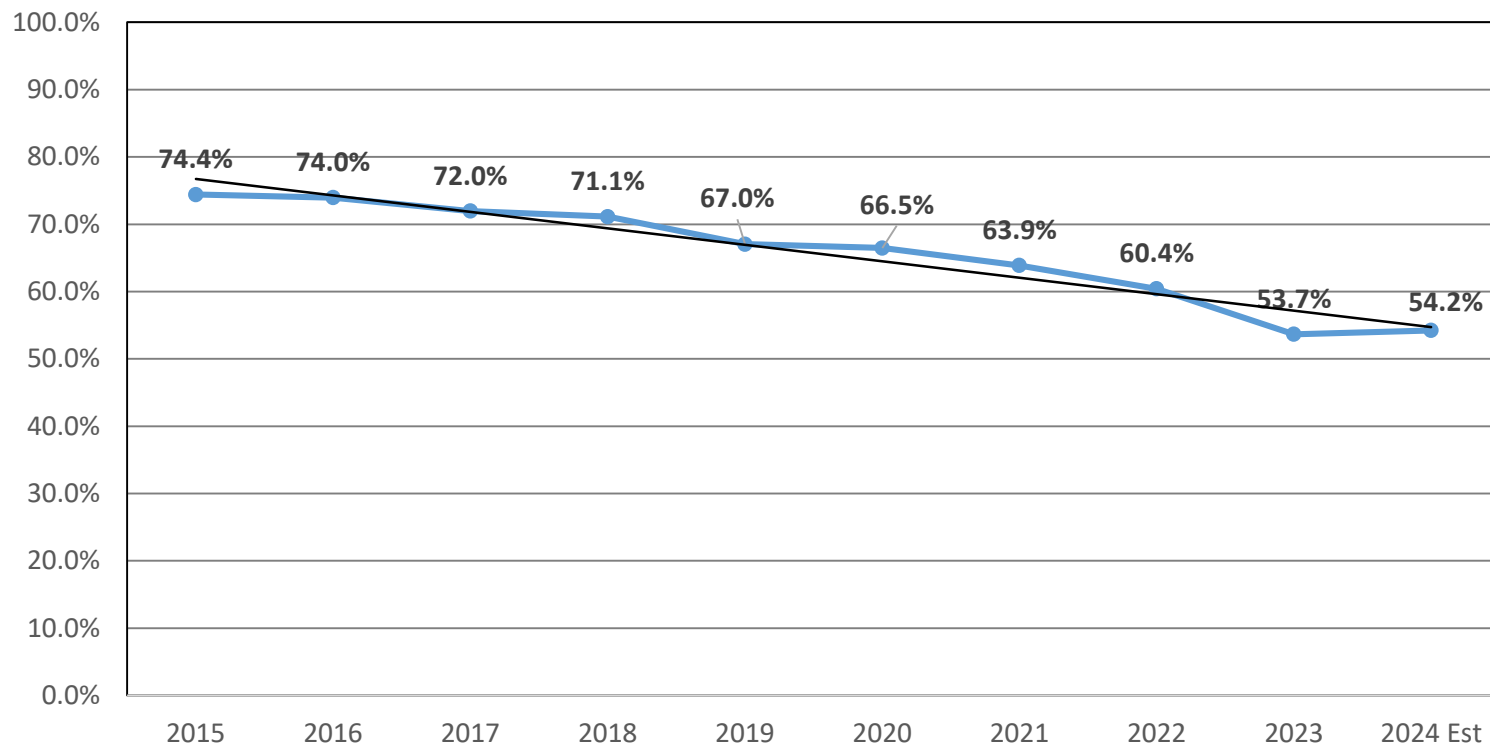
ADDITIONAL INFORMATION ON THE TAX LEVY

- The proposed 2024 tax levy includes the ninth straight year of an increase in the general fund portion of the levy
- The proposed 2024 tax levy includes the third straight year of an increase to the debt fund portion of the levy (2.6%)
- Compared to 2014, the total tax levy has increased by 35.2%
- The average annual total tax levy increase since 2014 has been 3.1%
- The 2024 total tax levy accounts for a per capita tax of \$617, up from \$589 in 2023

ADDITIONAL INFORMATION ON THE CITY'S TAX RATE

- The City's growth in tax capacity (6.1%) continues to do well.
- This will be the first time that the tax levy (7.2%) outpaces the tax capacity in 10 years, resulting in a likely increased city tax rate
 - The 2024 city tax rate is expected to be 0.6% higher than the 2023 tax rate
 - This will be Hutchinson's first tax rate increased since 2014
- The median home value would see a \$46 city tax bill increase, based on an estimated 8.7% increase from \$230,000 to \$250,000
 - A property possibly might not see a city tax increase if its value does not increase at the same rate as the median home value
 - A property valued at \$230,000 in 2023 with the same value in 2024 would see a \$12 increase in its city tax bill

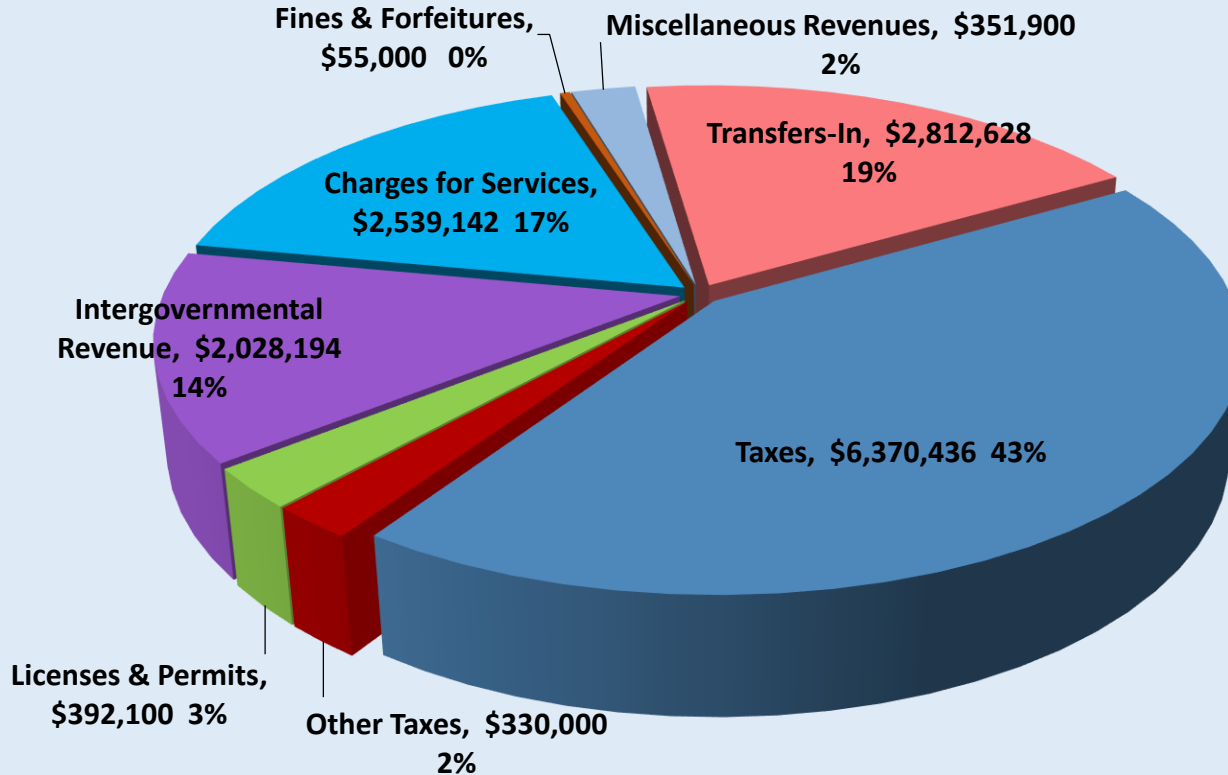
10-YEAR TAX RATE TREND



GENERAL FUND REVENUES

	<u>2023</u>	<u>2024</u>	<u>% ↑</u>
Property Taxes	\$5,846,751	\$6,370,436	9.0%
Other Taxes	\$330,000	\$330,000	0.0%
Licenses & Permits	\$442,100	\$392,100	-11.3%
Intergovernmental Revenue	\$1,793,941	\$2,028,194	13.1%
Charges for Service	\$2,872,308	\$2,539,142	-11.6%
Fines & Forfeitures	\$55,000	\$55,000	0.0%
Miscellaneous Revenue	\$289,800	\$351,900	21.4%
Transfers-In	\$2,724,536	\$2,812,628	3.2%
TOTAL GENERAL FUND	\$14,354,436	\$14,879,400	3.7%

GENERAL FUND REVENUES



ADDITIONAL FACTS ON GENERAL FUND REVENUES

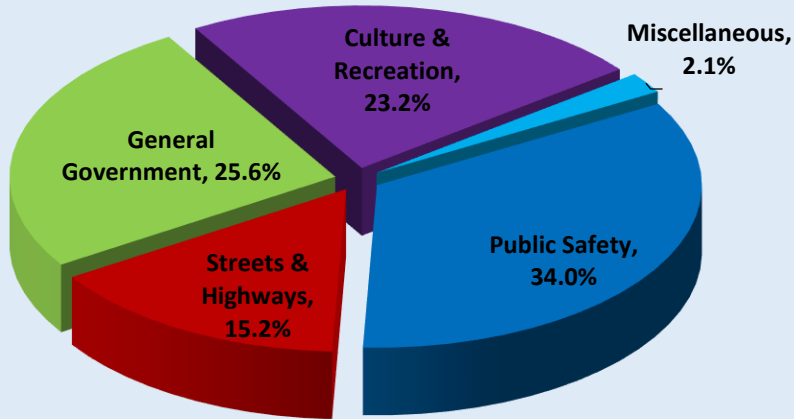
- General Fund revenues include a 9% tax levy increase (\$523,685)
 - \$25,000 of the levy is allocated to the Uponsor tax abatement
- Property Taxes account for about 43% of the General Fund Revenues
- PILOT Payment from HUC increased by \$38,092
- LGA increase (\$199,833) and Fire & Police Pension Aid increase (\$31,420)
 - Remember that the allocation of LGA between the General and Capital Projects Funds is a 50/50 split
- Includes a reduction in building permit fees (\$50,000) and loss of hospital security revenue (\$347,834)
- Transfer-Ins account for \$2,812,628. This is the equivalent of a 48% tax levy increase
 - Liquor Fund -- \$550,000 (9.4%)
 - Creekside -- \$120,000 (2.1%)
 - HUC -- \$1,942,628 (33.3%)
- Increased revenue from higher interest rates
- A 1% tax levy increase to the general fund is equivalent to \$58,350

GENERAL FUND EXPENSES

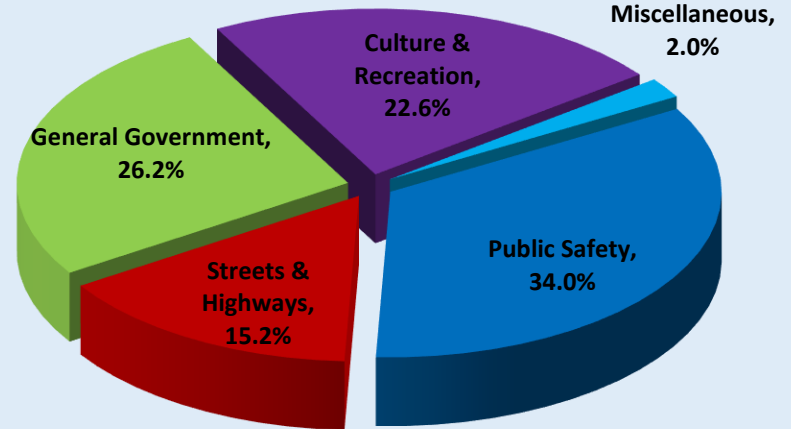
	<u>2023</u>	<u>2024</u>	<u>% ↑</u>
Wages & Benefits	\$9,672,602	\$10,030,414	3.7%
Supplies	\$986,823	\$1,072,833	8.7%
Services & Charges	\$2,827,889	\$2,877,722	1.8%
Miscellaneous Expenses	\$373,500	\$381,400	2.1%
Transfers-Out	\$488,622	\$517,031	5.8%
Capital Outlay	\$5,000	\$0	-100.0%
TOTAL GENERAL FUND	\$14,354,436	\$14,879,400	3.7%

GENERAL FUND EXPENSES

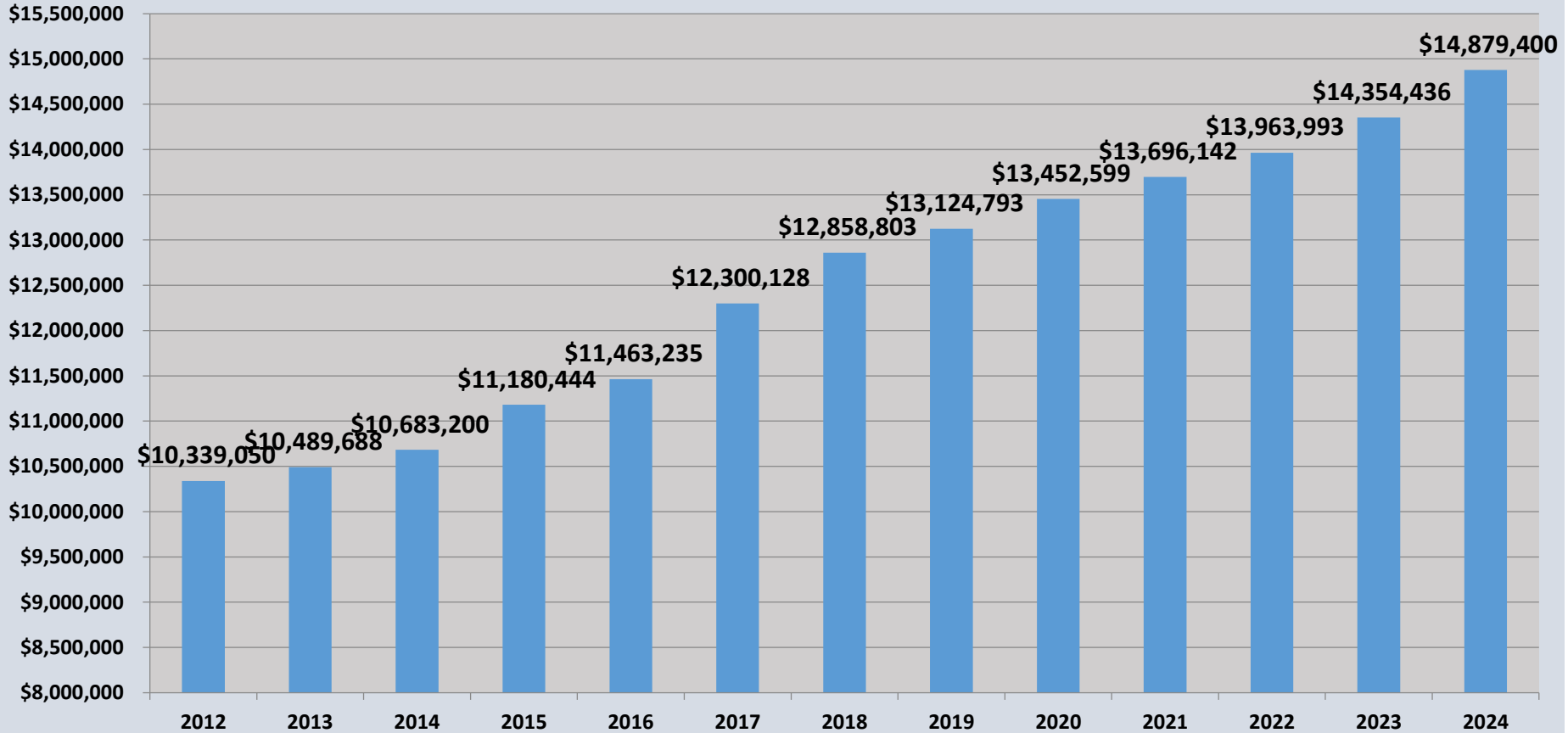
2023 General Fund



2024 General Fund



GENERAL FUND BUDGET HISTORY



ADDITIONAL FACTS ON GENERAL FUND EXPENSES

- Wages & benefits increased by \$357,812 in 2024 (3.7%)
 - Costs include performance and other annual adjustments
 - Includes a 25% increase in health insurance costs (over \$200,000)
 - Includes the elimination of the hospital security and the removal of a full-time PW position from the preliminary budget
- Wages & benefits account for **67%** of general fund expenses
 - Largest expense in the general fund
- Supply costs going up (\$86,010) due to higher costs associated with inflation
- Departments have held budgets flat other than wages & benefits and inflationary factors
- The 2024 budgeted expenses are balanced with revenues



Truth in Taxation

**Proposed 2024 Tax Enterprise Funds
Budgets**

ENTERPRISE FUNDS

	<u>2023</u>	<u>2024</u>	<u>%↑↓</u>
Liquor Revenue	\$7,291,500	\$7,718,500	5.9%
Liquor Expenses	\$7,365,814	\$7,823,895	6.2%
Compost Revenue	\$3,068,400	\$2,767,800	-9.8%
Compost Expenses	\$3,650,337	\$3,093,954	-15.2%
Refuse Revenue	\$1,357,500	\$1,449,600	6.8%
Refuse Expenses	\$2,549,823	\$2,397,434	-6.0%
Water Revenue	\$3,582,185	\$3,941,168	10.0%
Water Expenses	\$4,775,082	\$5,029,675	5.3%
Wastewater Revenue	\$4,216,000	\$4,911,000	16.5%
Wastewater Expenses	\$6,396,335	\$7,380,103	15.4%
Stormwater Revenue	\$1,089,300	\$1,132,300	3.9%
Stormwater Expenses	\$1,324,948	\$1,499,225	13.2%

ENTERPRISE FUNDS - CASH

	<u>2023</u>	<u>2024</u>
Liquor Estimated Cash Flow	(\$13,314)	(\$47,395)
Liquor Estimated Ending Cash Balance	\$428,679	\$381,284
Compost Estimated Cash Flow	(\$163,469)	\$34,199
Compost Estimated Ending Cash Balance	\$2,172,529	\$2,206,728
Refuse Estimated Cash Flow	(\$345,817)	(\$775,834)
Refuse Estimated Ending Cash Balance	\$1,620,262	\$844,428
Water Estimated Cash Flow	(\$102,897)	\$31,493
Water Estimated Ending Cash Balance	\$4,676,540	\$4,708,033
Wastewater Estimated Cash Flow	(\$1,044,335)	(\$1,269,103)
Wastewater Estimated Ending Cash Balance	\$7,515,540	\$6,256,437
Stormwater Estimated Cash Flow	\$39,352	(\$111,925)
Stormwater Estimated Ending Cash Balance	\$1,148,406	\$1,036,481

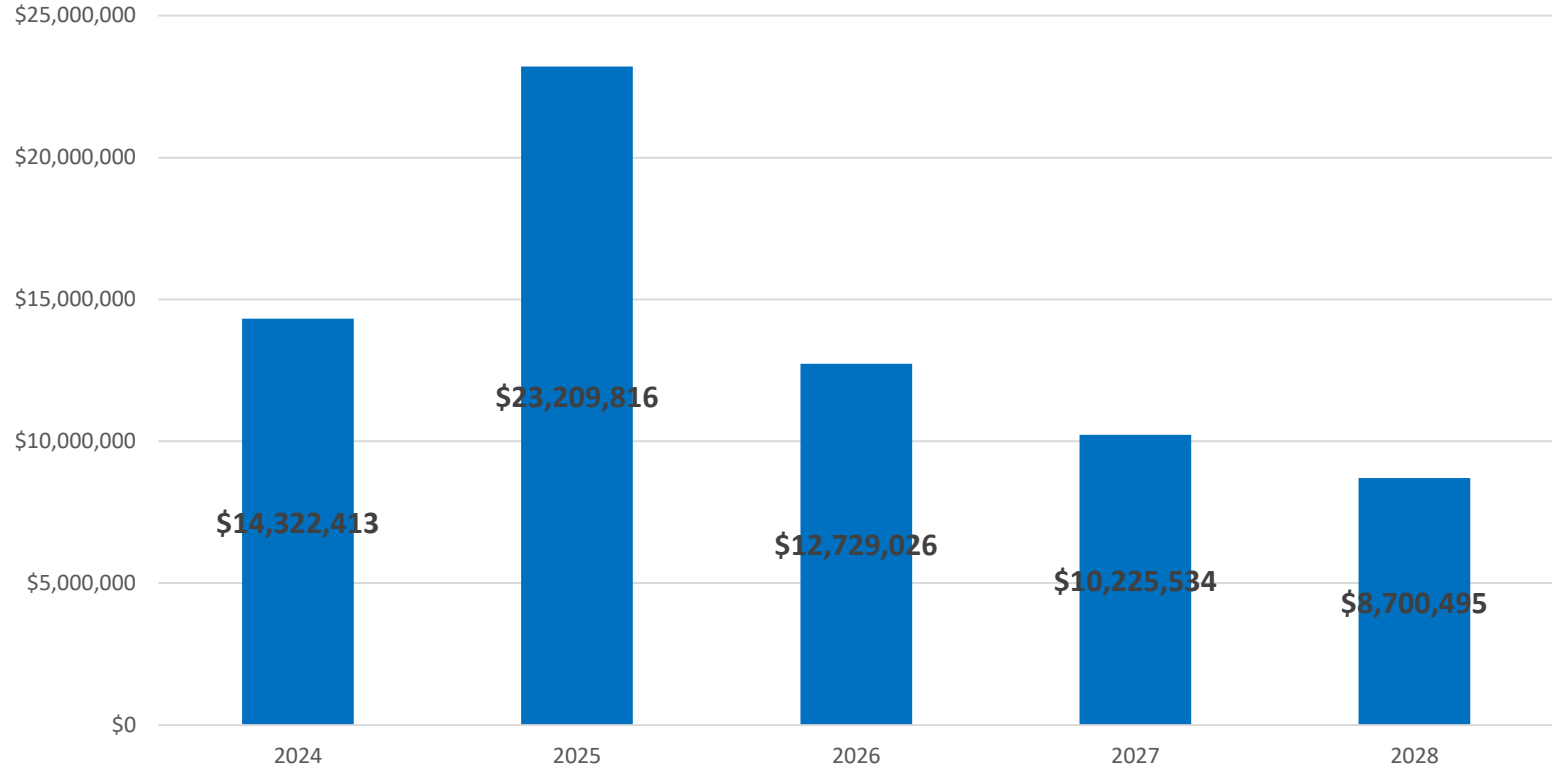
ADDITIONAL FACTS ON ENTERPRISE FUNDS

- Liquor Hutch (\$550,000) and Creekside (\$120,000) continue to do well and will contribute \$670,000 to the general fund in 2024
- 5% increases in garbage rates
 - First increase since 2008
- All enterprise funds continue to have healthy fund balances
- Slight rate increase to stormwater rates (3%)
- Transfers to the General Fund from the Enterprise Funds will be at \$870,000 in 2024.
- Total Enterprise money is \$2,812,628 when you include the HUC money
- Capital needs due to the age of all of the facilities are starting to increase

Truth in Taxation

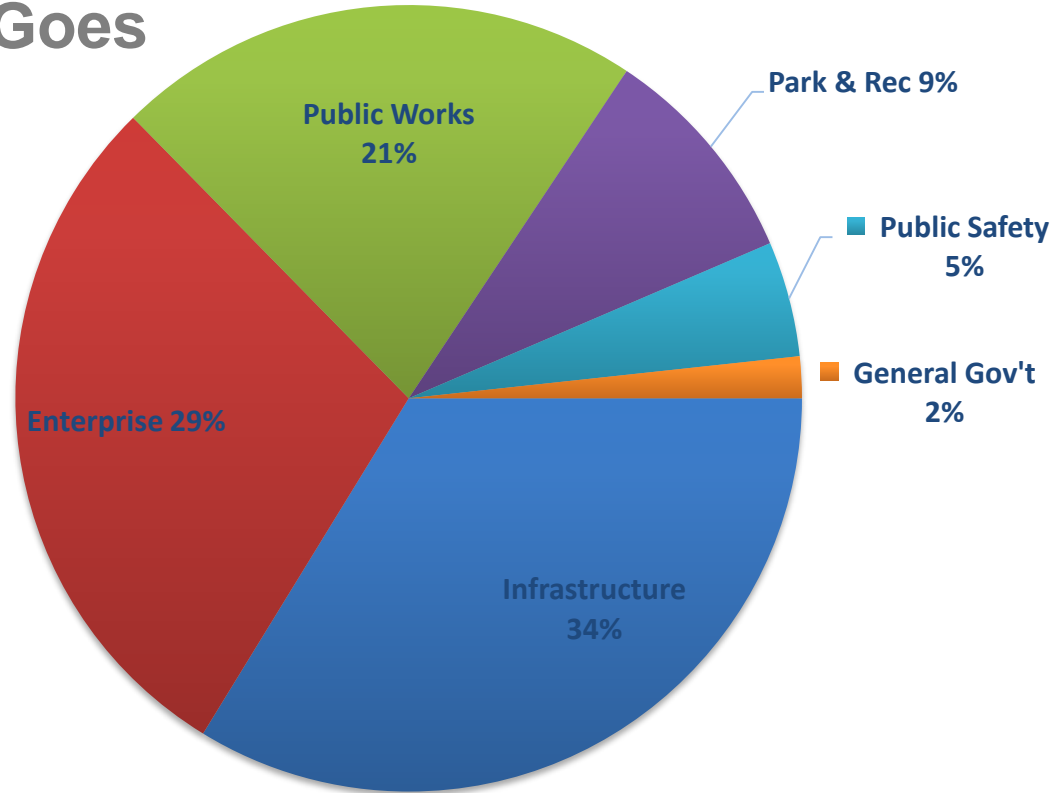
Proposed 2024 Capital Improvement Plan (CIP) and Debt Management Plan

2024 – 2028 CIP



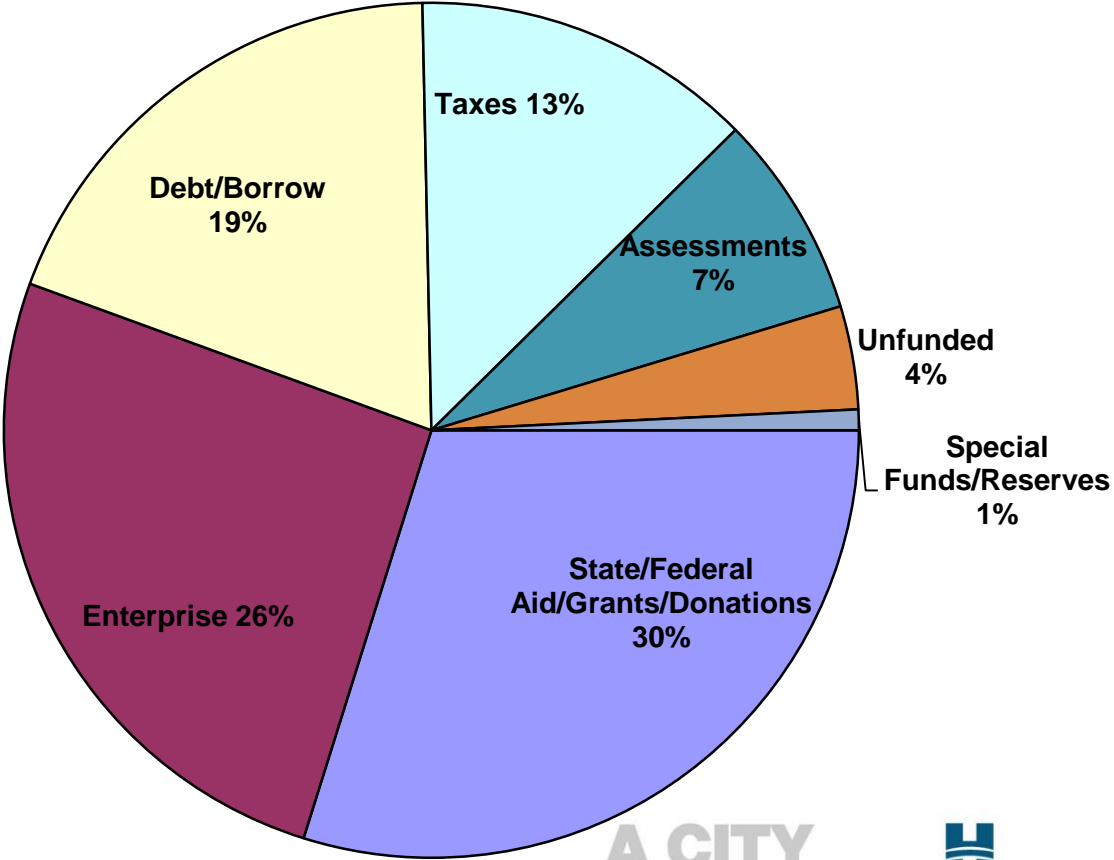
2024-2028 CIP – Where it Goes

- Infrastructure (\$23.35 million)
 - New Construction
 - Reclaims
 - Partial Reconstruction
 - Pavement Management
- Enterprise Funds (\$19.99 million)
 - Creekside/Refuse
 - Liquor Store
 - Water and Wastewater
 - Stormwater
- Public Works (\$15.02 million)
 - Airport
 - Cemetery
 - Engineering
 - Streets (buildings/vehicles)
- Park & Rec. (\$6.36 million)
 - Pool/Rec Center
 - Civic Arena
 - Parks
 - Library
- Public Safety (\$3.28 million)
 - Police
 - Fire
 - Inspections
- General Government (\$1.18 million)
 - Admin/Technology
 - City Center



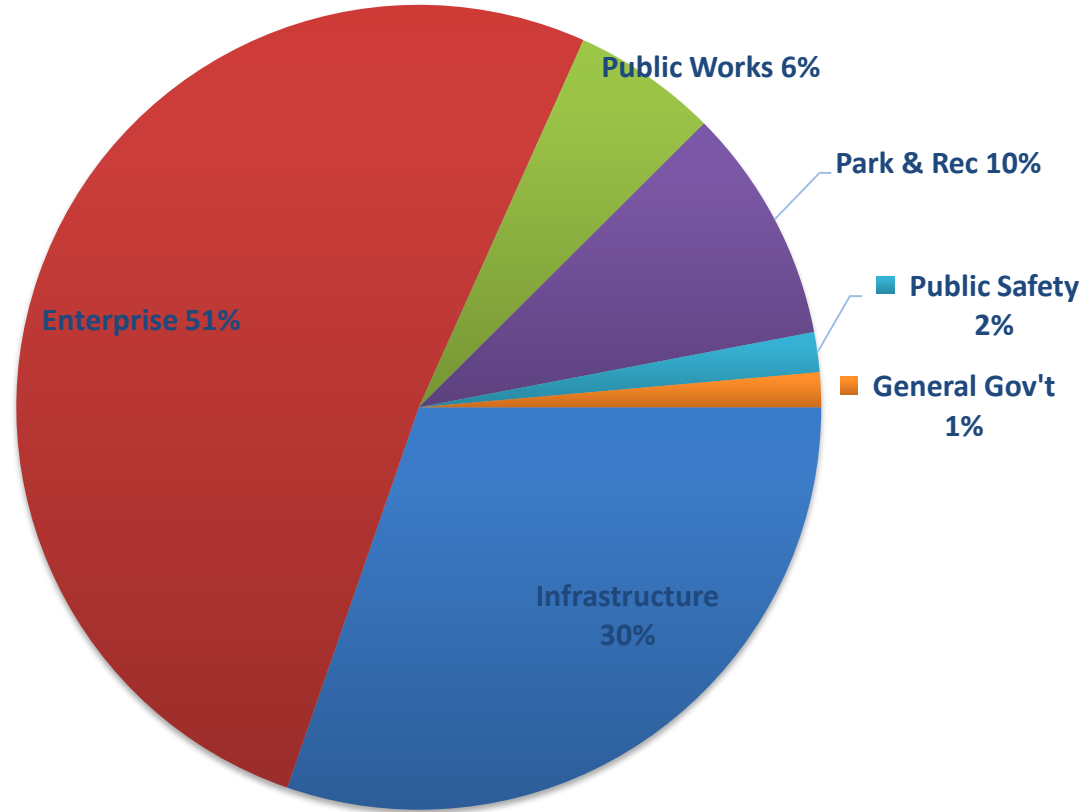
2024-2028 CIP – Where it Comes From

- Aid/Grants/Donations (\$20.64 million)
 - State Aid
 - Federal/State/County Grants
 - Bridge Funds
 - Donations
- Enterprise Funds (\$17.81 million)
 - Creekside, Liquor Store, Refuse, Water, Wastewater, Storm
 - Revenue generated by these funds help pay for capital projects
- New Debt (\$13.21 million)
 - Amount of money that we need to borrow to pay for capital projects
- Taxes (\$8.95 million)
 - Money from our tax levy that gets designated towards capital projects
 - \$1.8 million/year
 - About 20% of our overall levy
 - Could come from Capital Fund balances
- Special Assessments (\$5.34 million)
 - Direct costs that will be assigned to property owners adjacent to projects
- Unfunded (\$2.7 million)
 - No current funding source
- Special Funds/Reserves (\$540,527)
 - Rural Fire Dept.
 - Cooperative Agreements
 - Special Funds



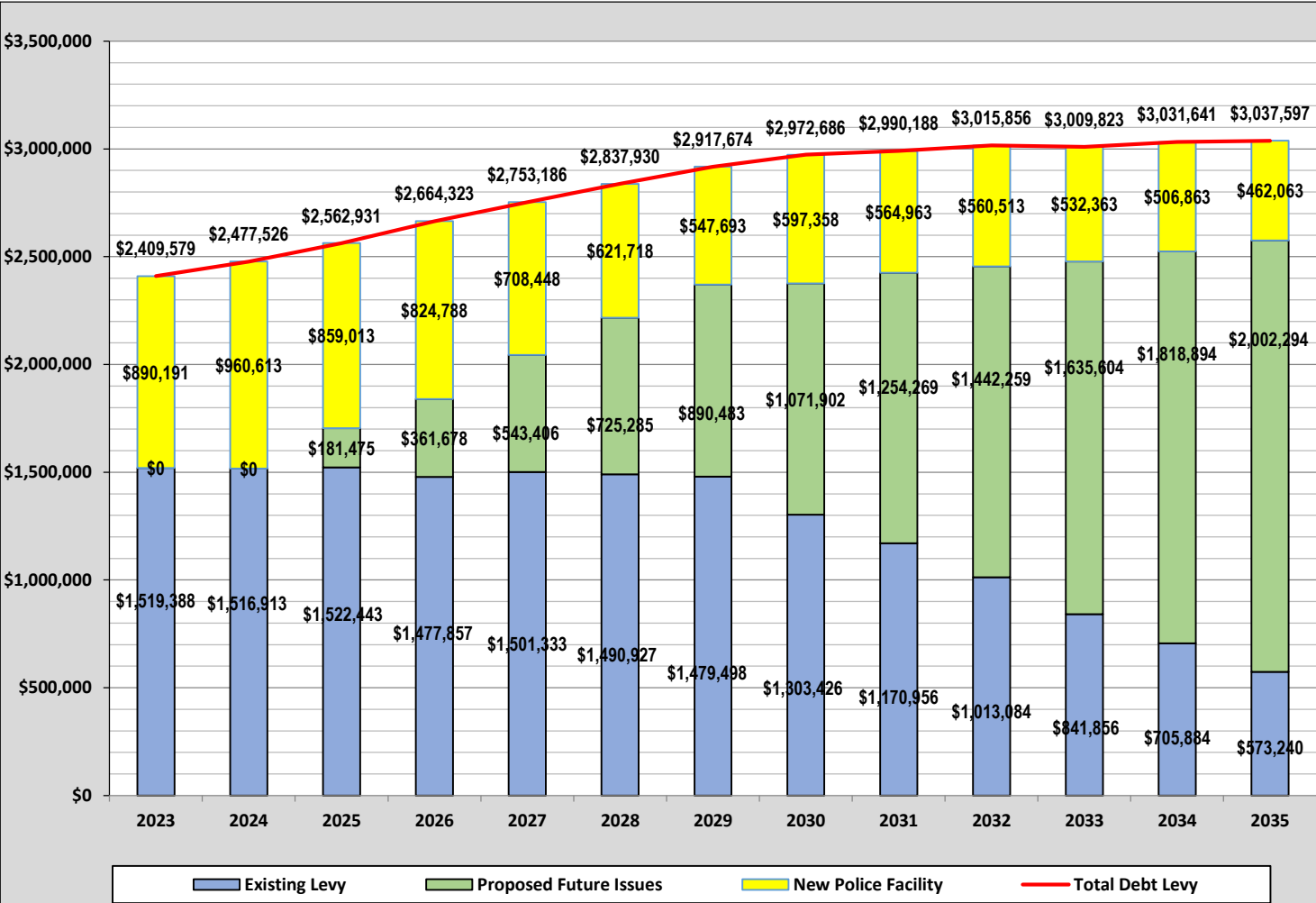
2024 Portion of the CIP

- Enterprise Funds (\$7.36 million)
 - Creekside Facility/Equipment
 - Water and Wastewater, Improvements and Equipment
 - Water Meters
 - Vactor Truck & Jetting Trailer
 - Lakes/River Improvements
- Infrastructure (\$4.34 million)
 - Franklin Street
 - Washington Avenue
 - Oakland Avenue
 - Uptown Grand Project
 - Fire Dept. Parking Lot
- Public Works (\$835,000)
 - Airport
 - Cemetery
 - Vehicles/equipment
- Park & Rec. (\$1.36 million)
 - Dasher Boards/Flooring/Locker Room
 - Vehicles/Equipment
 - Library
 - Playgrounds
 - VMF Stadium
- Public Safety (\$230,000)
 - Fire Facilities/Equipment
 - Police Vehicles
- General Government (\$199,500)
 - City Center Improvements



DEBT MANAGEMENT PLAN

- The big impact was the new police station
- 2022 was the first increase in our debt levy since 2016 (6.7%)
- The 2024 increase is at a 2.8% increase
- Increased interest rates have/will impact future debt decisions
- Rising project costs have put pressure on increasing the debt tax levy
- Debt levy has not kept up with inflation (less “bang for the buck” when it comes to projects)
- Special assessment rates need to be reviewed.
- Still have future debt needs for heavy equipment and fire trucks



Truth in Taxation

Conclusion of the Proposed 2024 Budget Presentation and Truth in Taxation Hearing

ADDITIONAL INFORMATION

PROPOSED FINAL LEVIES FOR 2024

						Change from Prelim	
			2023	2024	% Chg	Amount	%
General Fund			\$5,804,751	6,333,436	9.1%	(\$173,505)	-3.0%
Tax Abatement			30,000	25,000	-16.7%	(5,000)	-16.7%
Total General Fund			5,834,751	6,358,436	9.0%	(178,505)	-3.1%
Debt Funds			2,409,577	2,477,487	2.8%	-	0.0%
Total City Tax Levy			\$8,244,328	\$8,835,923	7.2%	(\$178,505)	-2.2%
EDA Levy			258,169	272,842	5.7%	-	0.0%
HRA Levy			160,000	165,000	3.1%	-	0.0%
TOTAL TAX IMPACT			\$8,662,497	\$9,273,765	7.1%	(\$178,505)	-2.1%

ADDITIONAL INFORMATION

	<u>2023</u>	<u>2024</u>	
General Fund Revenue	\$14,354,436	\$14,879,400	3.7%
General Fund Expenses	\$14,354,436	\$14,879,400	3.7%
General Tax Levy	\$5,804,751	\$6,358,436	9.1%
Tax Abatement	\$30,000	\$25,000	-16.7%
Debt Tax Levy	\$2,409,577	\$2,477,487	2.8%
Total:	\$8,244,328	\$8,835,923	7.2%
EDA Tax Levy	\$258,169	\$272,842	5.7%
HRA Tax Levy	\$160,000	\$165,000	3.1%
TOTAL TAX IMPACT	\$8,662,497	\$9,273,765	7.1%

BIGGEST FACTOR BEHIND A LEVY INCREASE

General wage and benefit increases, along with a significant increase in health insurance costs (over \$200,000) are expected to cost us an additional \$357,812 in 2024

General Inflationary Factors are impacting the budget as well.

Reminder: A 1% levy increase is equal to \$82,443 (\$58,350 – General)

ADDITIONAL INFORMATION

- Outside of eliminating the Hospital Security and not adding an additional public works employee, the budget includes no other significant increases or cuts in staffing or changes in service
- **Staffing costs and capital needs are the biggest “driver” of our budget**
- Fund balances continue to remain high and the fiscal condition of the City is healthy
- The State’s budget forecasts is projecting a slight surplus – meaning we shouldn’t see any State budget issues impacting the City
- While things are slowing down, home values continue to increase and the city is continuing to see growth at all levels (residential including multi-family, commercial, industrial)
- Inflation and supply chain issues are impacting the City as well

NEXT STEPS

- Additional Questions from Council Members and the Public
- Council to approve final budgets and levies at their December 19 city council meeting.
- Certify Final Levies to the County by December 30

THANK YOU!