



2018 Budget Update
September 19th, 2017

9/15/17

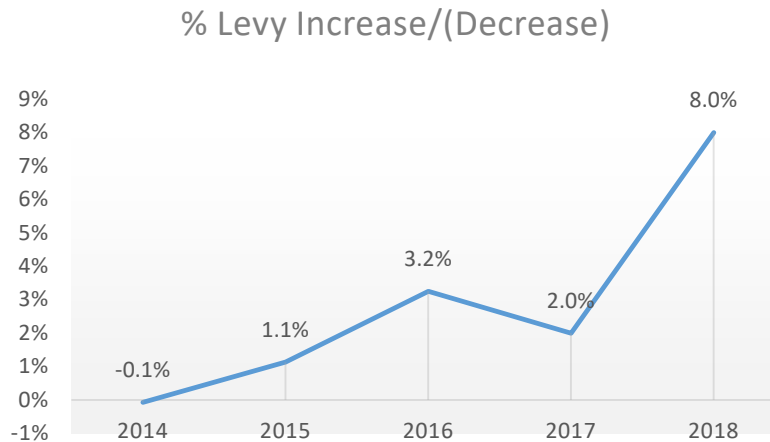
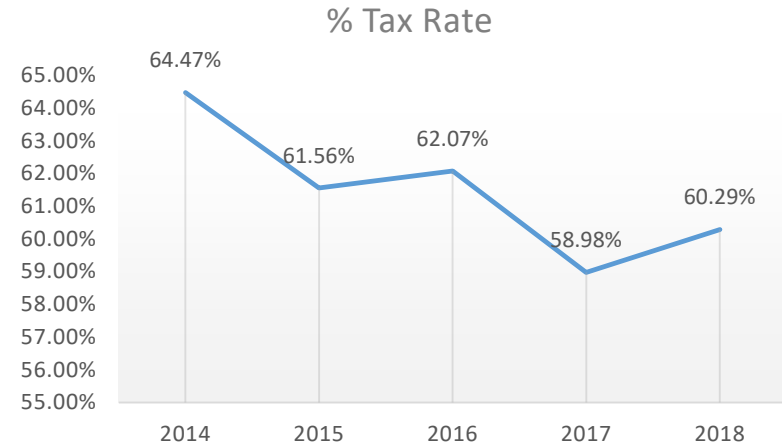
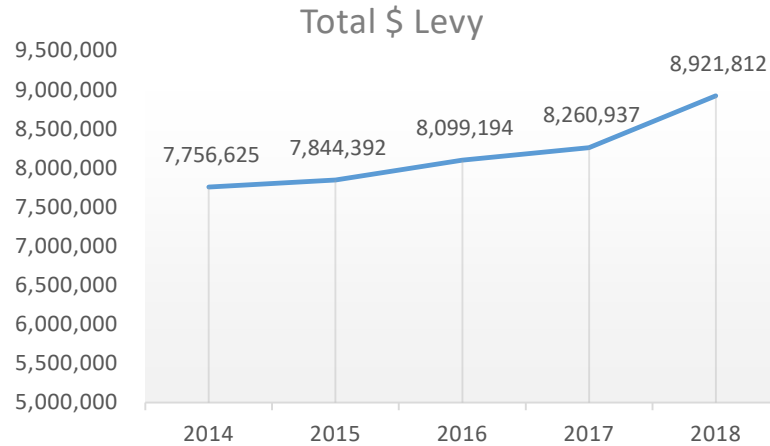
Budget & Levy Scenarios

- 3 Levy Options presented
 - 8.0%
 - 8.5%
 - 9.0%
- Final levy can go down, but not up

Tax Capacity

- Tax Capacity numbers remain preliminary from Rice and Dakota County
- Estimated Tax Capacity increase of 5.7%
 - Rice County – initial estimate of 5.5% increase
 - Rice County includes new construction of \$8,091,100 in residential and \$254,100 in commercial, a 0.7% increase
 - Dakota County – initial estimate of 7.3% increase
- An increase in tax capacity helps offset the impact of an increase in the levy

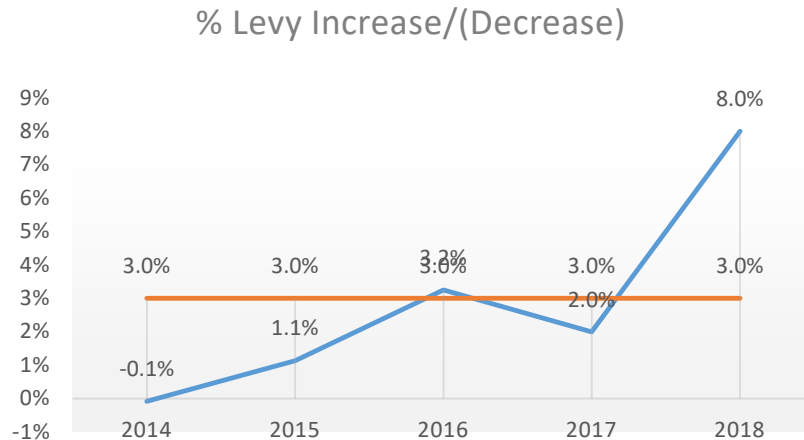
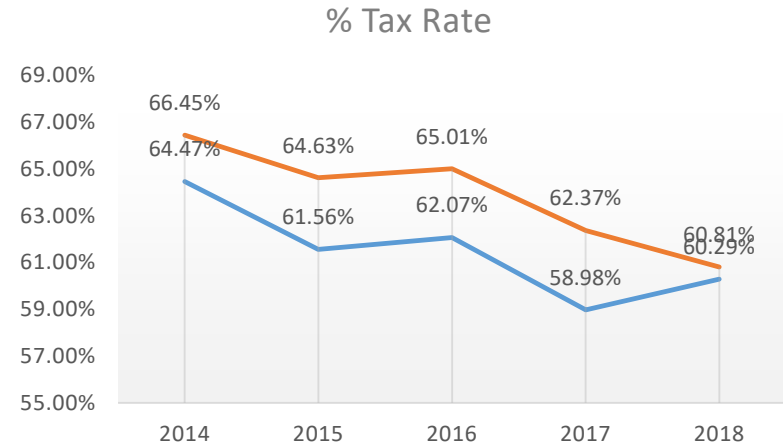
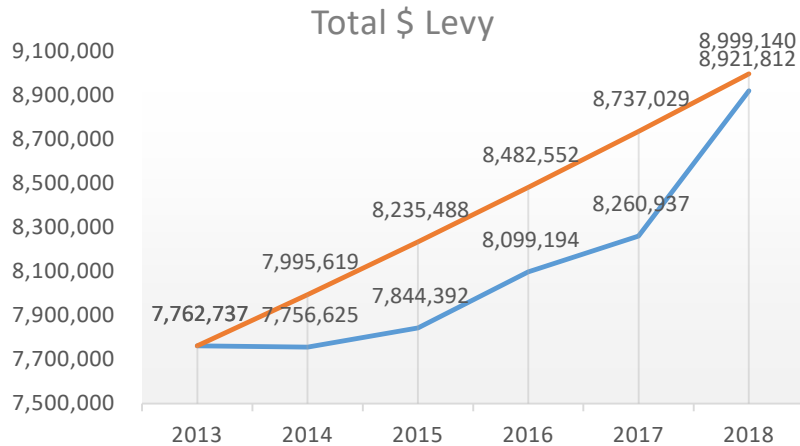
8.0% Levy increase



Estimated Tax Impact on Residential Home (no change in property tax valuation)							
8.0% Levy Increase							
Residential				2018 v 2017		2018 v 2016	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$761.43	\$16.51	2.22%	(\$22.52)	-2.87%
175,000	\$952.77	\$905.34	\$925.41	\$20.07	2.22%	(\$27.36)	-2.87%
200,000	\$1,122.23	\$1,066.36	\$1,089.99	\$23.64	2.22%	(\$32.23)	-2.87%
250,000	\$1,460.51	\$1,387.80	\$1,418.56	\$30.76	2.22%	(\$41.95)	-2.87%
300,000	\$1,798.79	\$1,709.24	\$1,747.13	\$37.89	2.22%	(\$51.66)	-2.87%

Budget Option 2 – 8.0% increase

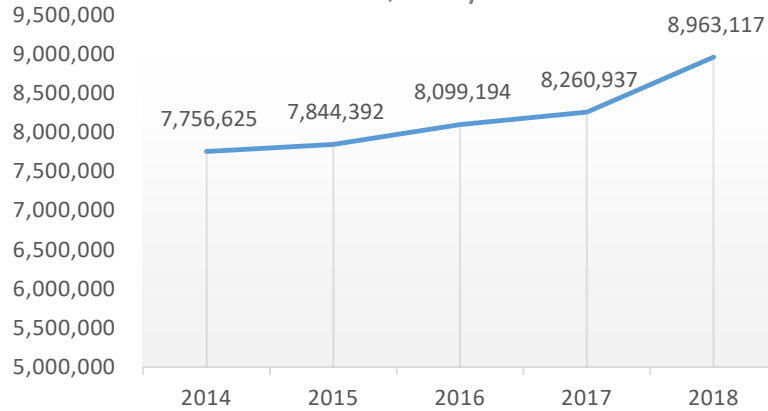
(with 3% steady growth scenario – orange line)



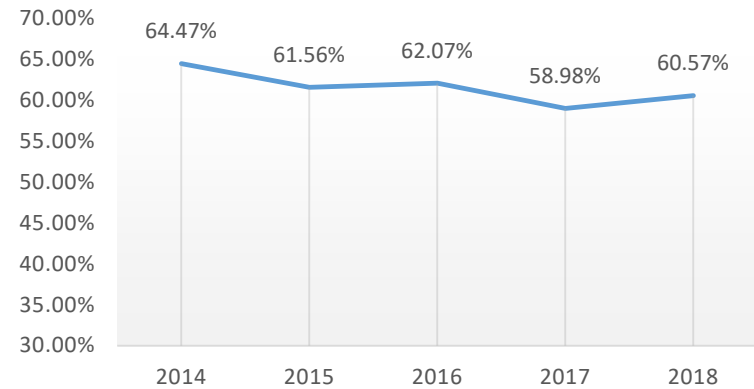
- An 8% increase in the levy for 2018 yields similar results as a 5 year average 3% growth rate

8.5% Levy Increase

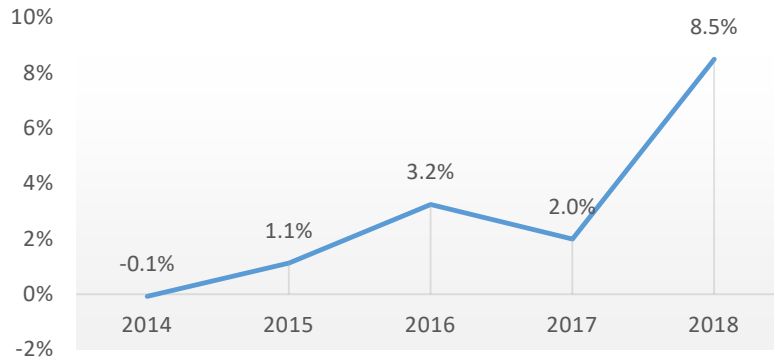
Total \$ Levy



% Tax Rate

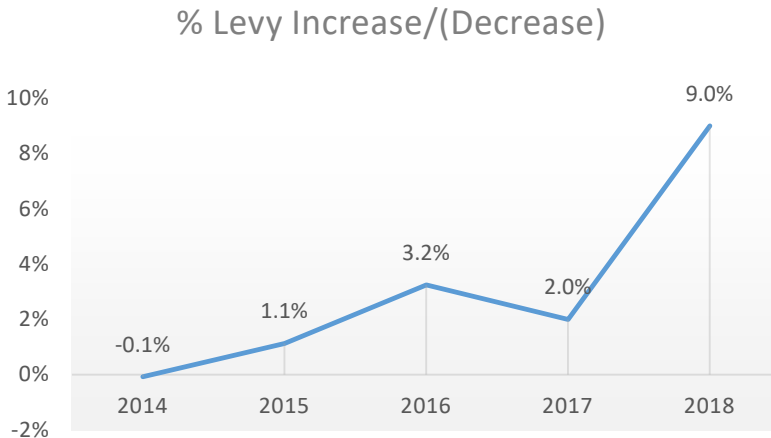
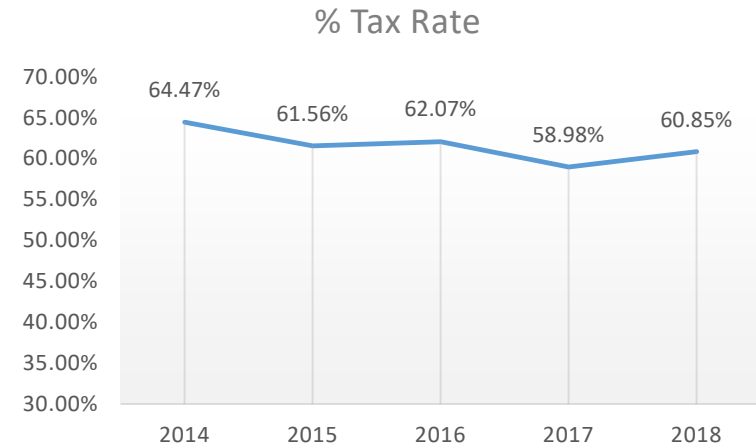


% Levy Increase/(Decrease)



Estimated Tax Impact on Residential Home (no change in property tax valuation)							
<u>8.5% Levy Increase</u>							
<u>Residential</u>				<u>2018 v 2017</u>		<u>2018 v 2016</u>	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$764.95	\$20.04	2.69%	(\$18.99)	-2.42%
175,000	\$952.77	\$905.34	\$929.69	\$24.35	2.69%	(\$23.08)	-2.42%
200,000	\$1,122.23	\$1,066.36	\$1,095.04	\$28.68	2.69%	(\$27.18)	-2.42%
250,000	\$1,460.51	\$1,387.80	\$1,425.13	\$37.33	2.69%	(\$35.38)	-2.42%
300,000	\$1,798.79	\$1,709.24	\$1,755.21	\$45.97	2.69%	(\$43.57)	-2.42%

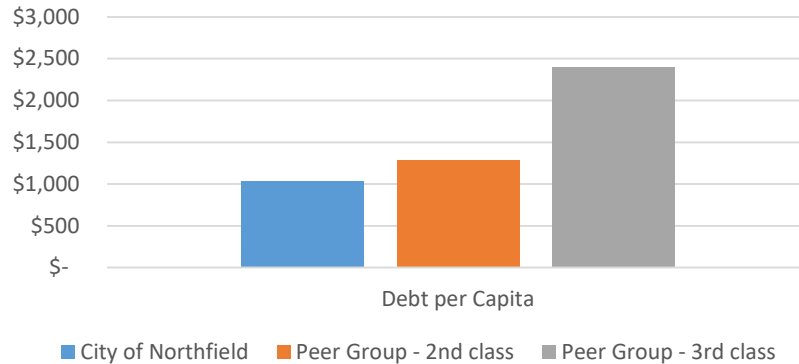
9% Levy Increase



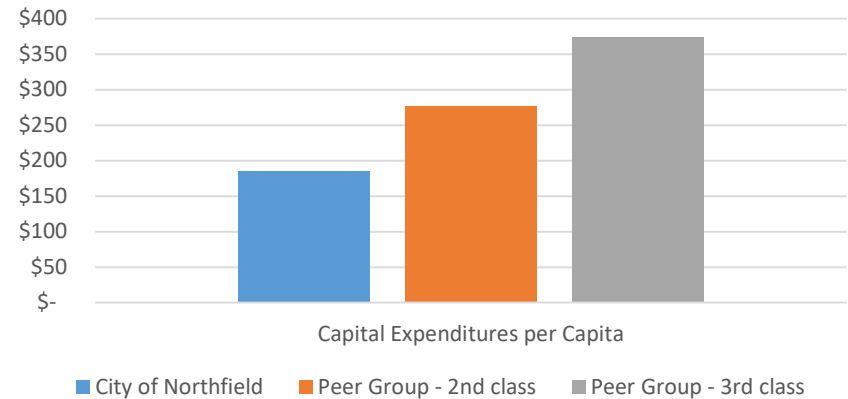
Estimated Tax Impact on Residential Home (no change in property tax valuation)							
9% Levy Increase							
Residential				2018 v 2017		2018 v 2016	
Value of Home	2016 Actual	2017 Actual	2018 Estimated	\$ Impact	% Impact	\$ Impact	% Impact
\$150,000	\$783.94	\$744.92	\$768.48	\$23.56	3.16%	(\$15.47)	-1.97%
175,000	\$952.77	\$905.34	\$933.98	\$28.64	3.16%	(\$18.80)	-1.97%
200,000	\$1,122.23	\$1,066.36	\$1,100.09	\$33.73	3.16%	(\$22.14)	-1.97%
250,000	\$1,460.51	\$1,387.80	\$1,431.70	\$43.90	3.16%	(\$28.81)	-1.97%
300,000	\$1,798.79	\$1,709.24	\$1,763.30	\$54.06	3.16%	(\$35.49)	-1.97%

Ratio Comparison to Peer Groups

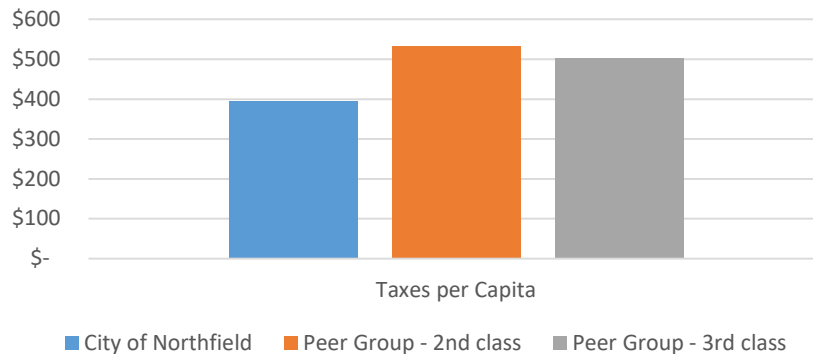
Debt per Capita



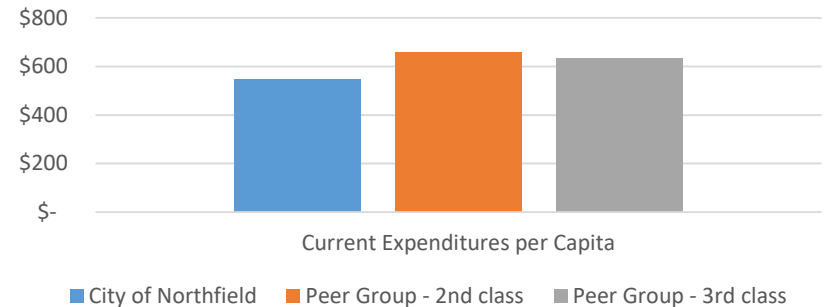
Capital Expenditures per Capita



Taxes per Capita



Current Expenditures per Capita



Source: 2016 Abdo Eick & Meyers Audit Management Letter, page 20, (2015 comparisons)

Peer Group 2nd class – City populations of 20,000-100,000, Peer Group 3rd class – City populations of 10,000-20,000

Levy Options

- 8.0% (\$8,921,812) includes
 - 6.2% pay plan implementation (\$513,060)
 - 1.8% other expenditure increase vs 2017 (\$147,815)
- 8.5% (\$8,963,117) includes
 - Above items plus
 - 0.5% Communications increase to FT (\$40,000)
 - Other available expenditures (\$1,304)
- 9.0% (\$9,004,421) includes
 - Above items plus
 - 0.1% Youth and Administrative Interns(\$10,000)
 - 0.4% other opportunities (\$31,305)
- \$29,596 in reductions remain to be identified from 9/4/17 update of \$8,951,408

Discussion

- Staff supportive of the three levy resolutions
- Staff does not recommend a preliminary levy below 8%
- Further consideration of adjustments may occur prior to adoption of a final levy in December