



2022 Budget Worksession
2023 Preliminary Levy & Budget
September 20th, 2022

9/16/22

Budget Timeline 2022

- The City budget is a 6 month planning process



- Key Dates in the planning process



Budget Process

- Further consideration of adjustments may occur prior to adoption of a final levy in December
 - Levy cannot go up from what is approved tonight, this is the maximum, (in December it can go down, but not up)
 - Discussions regarding additional 2024 personnel/projects can continue in October

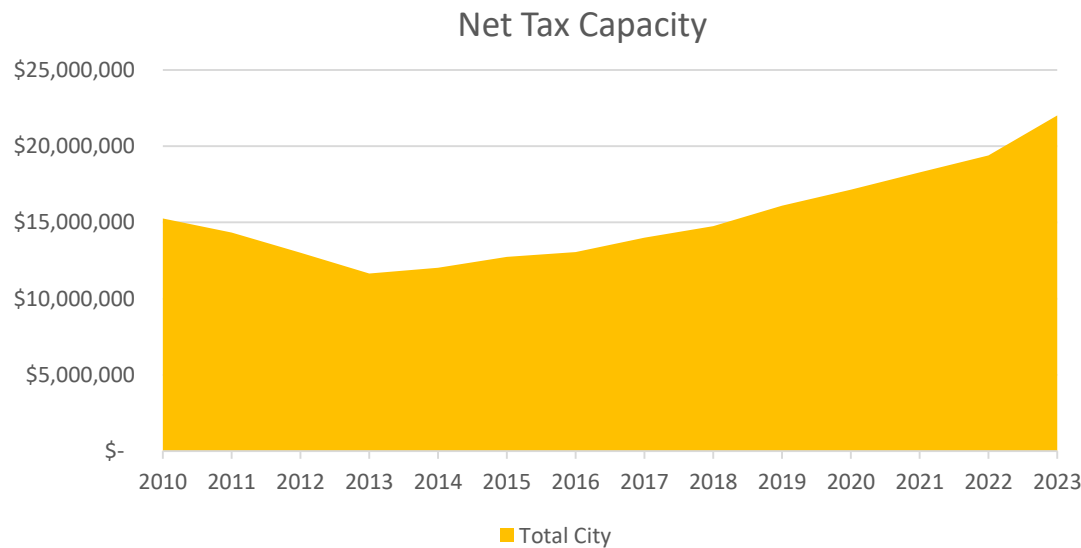
Budget & Levy Scenarios

- 18.5% Option
 - includes Library, Parks, Facilities increased funding and Police overtime and succession planning
- Setting the Preliminary Levy is setting a maximum \$ amount
 - The Preliminary Levy will be reflected on tax statements in November
 - Final levy in December can go down, but cannot go up

Tax Base Changes

Preliminary estimates from Rice County indicate a 15.0% increase in 2022 net tax capacity

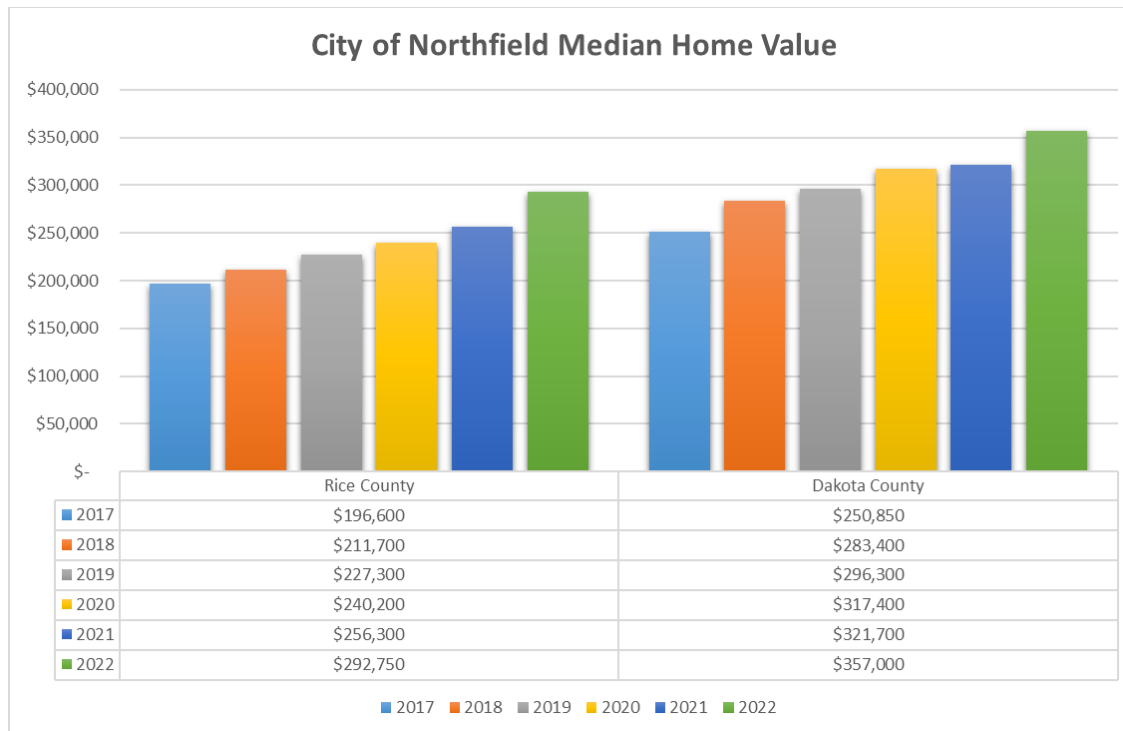
- 11.2% of the increase in net tax capacity is related to new construction
- Net tax capacity calculated from a 14.4% increase in estimated market value and 15.6% increase in taxable market value



Net Tax Capacity increase is estimated at 15.0% vs 6.1% growth last year

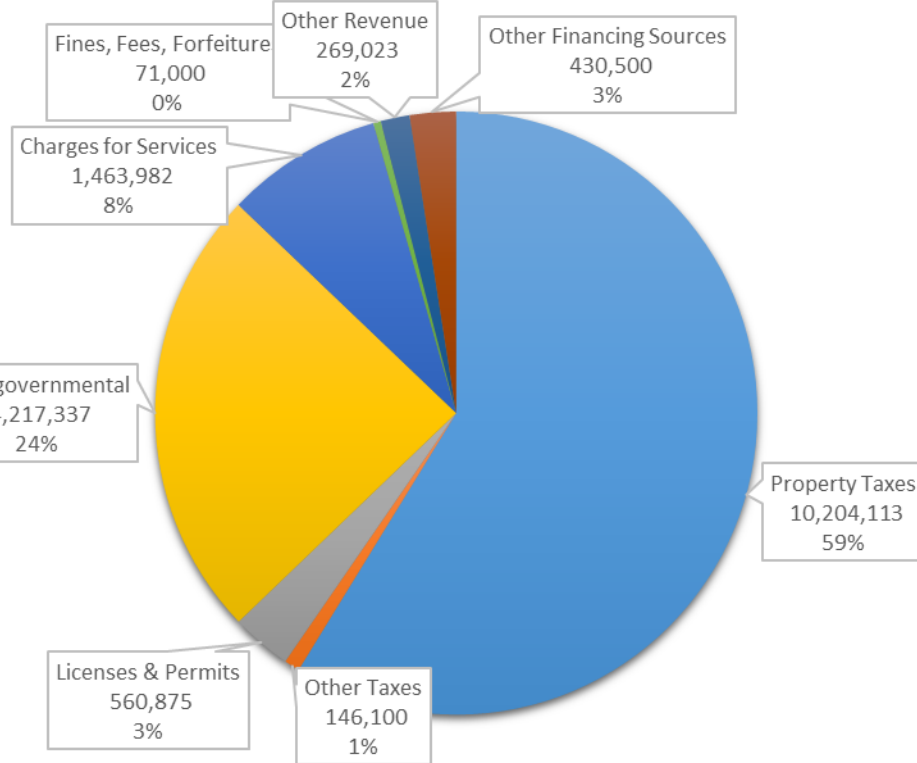
Northfield Median Home Value

- In 2022, Median Home Values increased
 - 14.2% in Rice County (vs 6.7% increase in 2021)
 - 11.0% in Dakota County (vs 1.4% increase in 2021)



General Fund Revenue

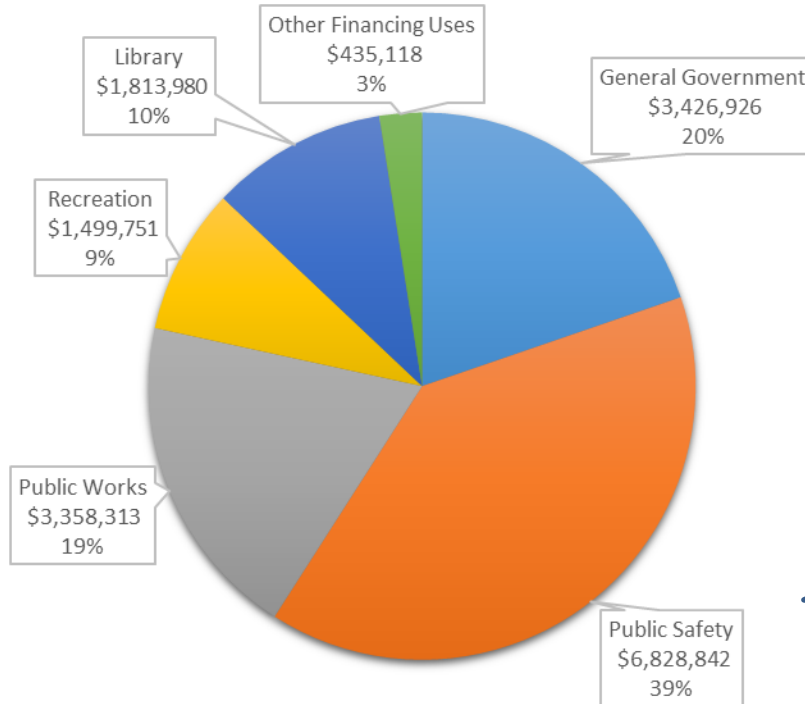
General Fund 2023 Revenue \$17,362,930



LGA is majority of intergovernmental 19% of total revenue

General Fund Expenditure

General Fund 2023 Expenditures \$17,362,930



Public Safety 39% in 2023 vs 37% in 2022, due to increases to Fire and Police

2023 Budget Highlights

- NAFRS funding
 - Add full time Fire Chief and increased training
- Police Overtime increase
 - Based on historical trend
- Police Succession Planning
 - Hiring anticipates 2024 retirements
- Library “Oasis” Staffing
 - Increase 3 part-time staff to full-time
- Riverfront Planning
 - Partial ARPA funded
- Parks Funding increase
 - To address projected shortfall in maintenance required
- Facilities Funding increase
 - To address projected shortfall in maintenance required
- Public Works Operational Analysis
 - Continues 1 department review per year

City-wide Levy

	Actual 2021	Actual 2022	Preliminary 2023
For Operations			
General Fund	7,374,997	8,427,517	10,204,113
NCRC Operations	195,156	195,156	195,156
Park Fund (\$25K for Capital Lease payment)	100,255	103,265	163,863
City Facilities Fund	44,558	45,898	104,775
Vehicle & Equipment Replacement Fund	440,267	344,295	354,624
Total Operations Levy	8,155,233	9,116,131	11,022,531
For Other			
Abatement - Roof Repair	30,092	30,092	30,092
COPS (debt) Police Facility	175,000	416,073	413,973
	205,092	446,165	444,065
For Bonded Debt			
2013A GO Improvement Bonds	75,000	25,000	25,000
2014A GO Improvement Bonds	55,000	45,000	45,000
2015A GO Improvement Bonds	95,000	95,000	95,000
2016C GO Improvement Bonds	58,000	15,000	15,000
2017A GO Improvement Bonds	55,000	52,000	52,000
2018B GO Improvement Bonds	182,500	180,000	180,000
2019A GO Improvement Bonds	214,000	214,000	214,000
2020A GO Improvement Bonds	400,321	390,000	390,000
2021A GO Street Reconstruction Bonds	-	139,700	129,000
2022A GO Street Reconstruction Bonds	-	-	250,000
Subtotal	1,234,821	1,205,700	1,395,000
Facilities Related			
Public Project Revenue (Pool)	230,000	230,000	230,000
2018A NAFRS	109,000	185,000	185,000
2021 Equipment Certificates	-	62,000	60,500
2022 Equipment Certificates	-	-	66,700
Subtotal	472,000	477,000	542,200
Total Debt Levy	1,911,913	2,128,865	2,381,265
Total General Levy	10,067,146	11,244,996	13,403,796
EDA	272,985	300,596	318,909
HRA	278,204	306,731	325,417
Total City-Wide Levy	10,618,336	11,852,324	14,048,122

Overall 18.5% increase in City-wide Levy

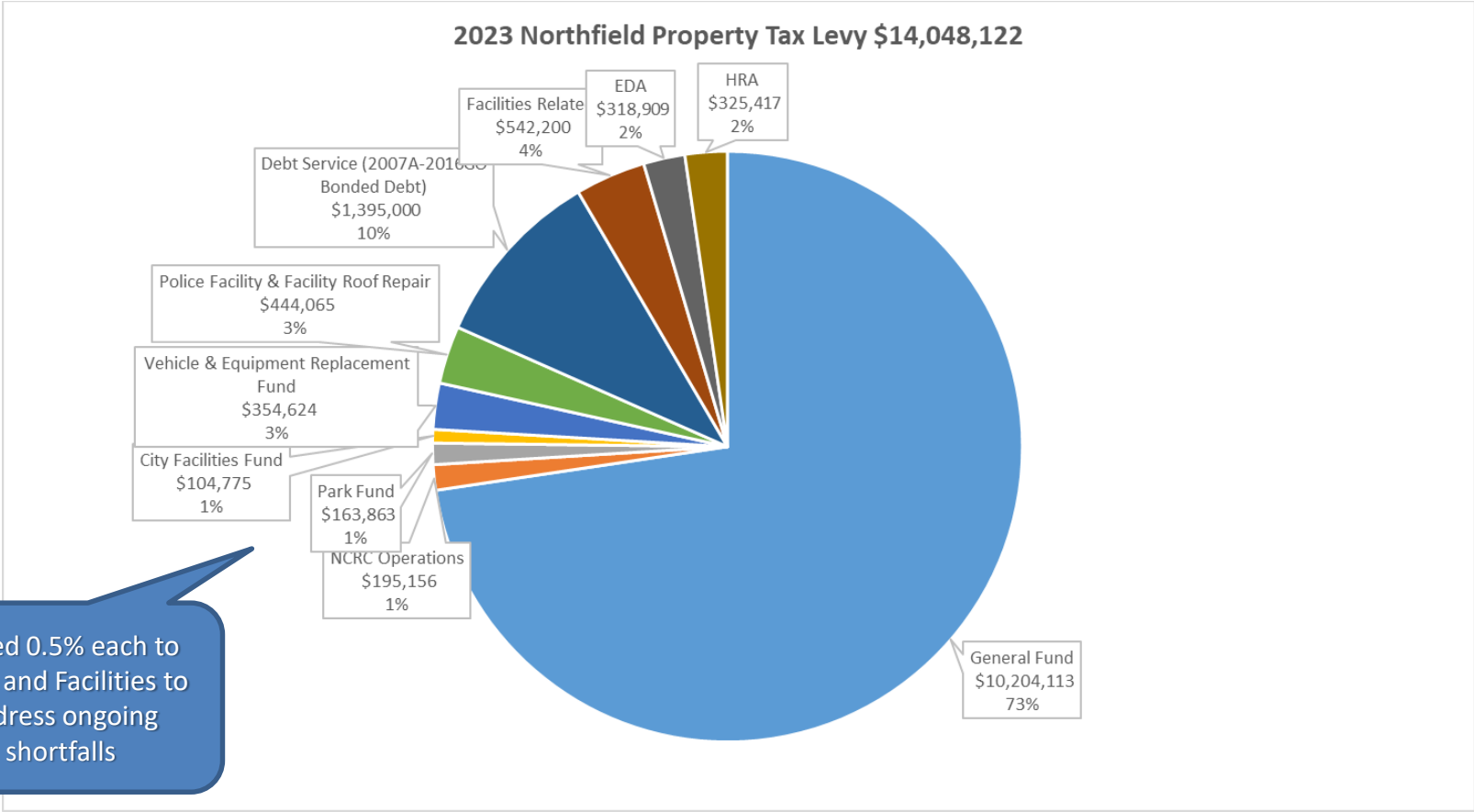
Operations
15.0% increase in Levy
Includes 5.5% Fire and Police enhancements & 1% Library Oasis staffing

Park Fund and Facilities Fund 1% increase in Levy

All Debt Service Funds 2.0% increase in Levy

EDA/HRA combined 0.5% increase in Levy

City-wide Levy



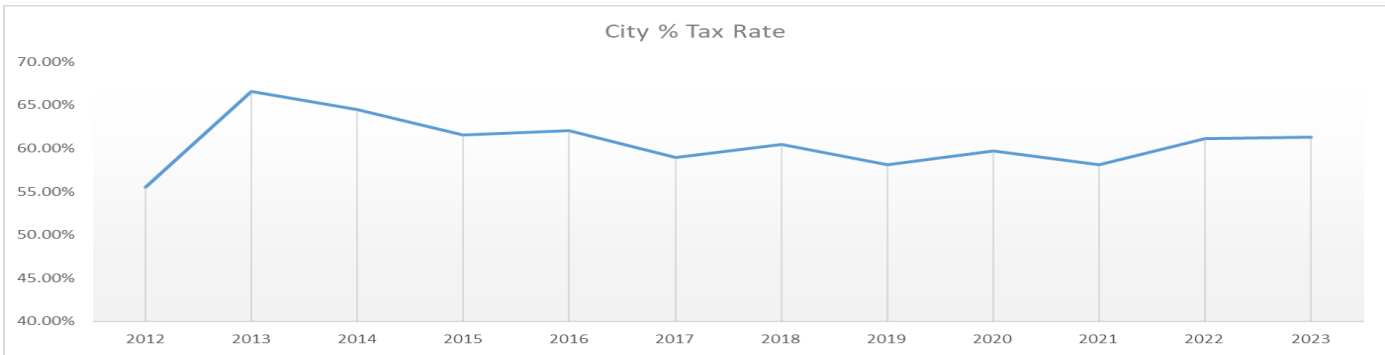
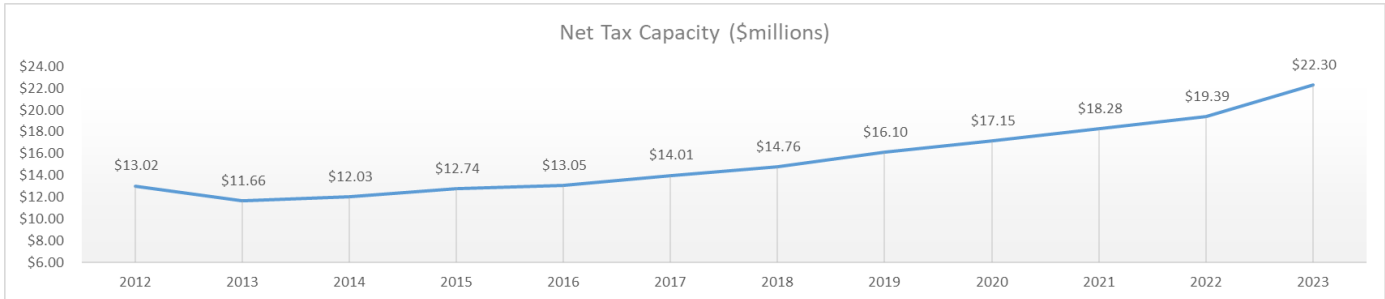
Historical View Levy/Tax Rate

The City % Tax Rate
= Total \$ Levy/Net
Tax Capacity

Note in 2013 the Tax
Rate peaked as Net
Tax Capacity dropped

In 2023, proposed
levy increase of 18.5%
is partially offset by a
net tax capacity
increase of 15.0%

City % Tax Rate
increases slightly
benefiting from
increased NTC



18.5% Levy increase

includes added 2% for Parks, Facilities or Library funding (each 1% = about \$115K)

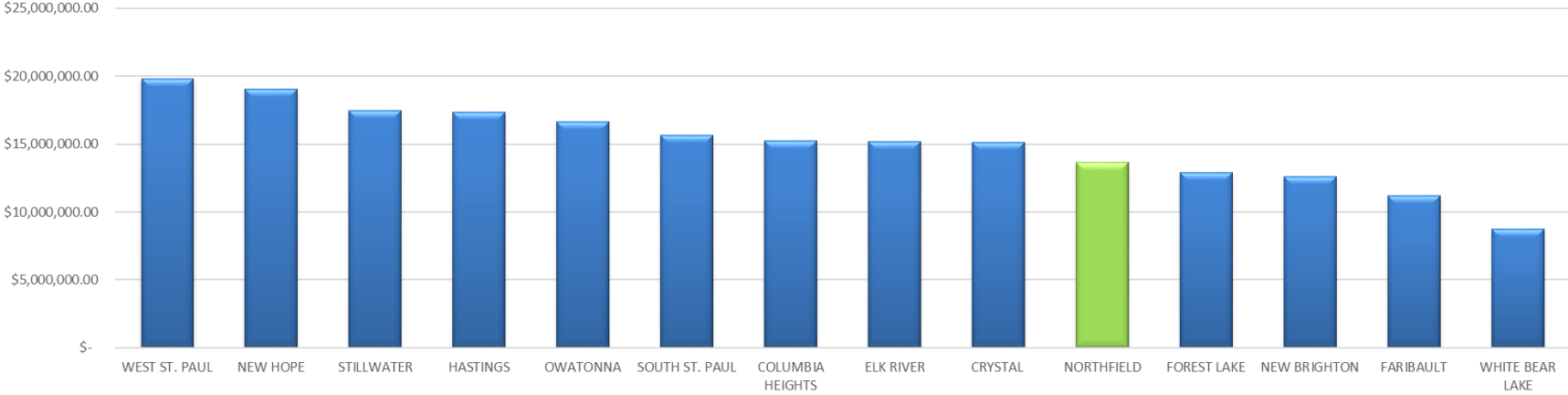
TAX IMPACT ANALYSIS - CONSTANT MARKET VALUE								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2022 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2023 City Tax
Residential Homestead	\$ 200,000	\$ 19,240	\$ 180,760	\$ 1,808	\$ 1,140.60	\$ 44.32	3.69	\$ 1,184.92
	250,000	14,740	235,260	2,353	1,484.49	57.68	4.81	1,542.17
	292,000	10,960	281,040	2,810	1,773.36	68.91	5.74	1,842.27
	300,000	10,240	289,760	2,898	1,828.39	71.05	5.92	1,899.43
	350,000	5,740	344,260	3,443	2,172.28	84.41	7.03	2,256.69
	357,000	5,110	351,890	3,519	2,220.43	86.28	7.19	2,306.71
	400,000	1,240	398,760	3,988	2,516.18	97.77	8.15	2,613.95
450,000	-	450,000	4,500	2,839.50	110.34	9.19	2,949.84	
Commercial/Industrial	\$ 500,000	\$ -	\$ 500,000	\$ 9,250	\$ 5,836.75	\$ 226.80	18.90	\$ 6,063.55
	1,000,000	-	1,000,000	19,250	12,146.75	472.00	39.33	12,618.75
	5,000,000	-	5,000,000	99,250	62,626.75	2,433.54	202.80	65,060.29

TAX IMPACT ANALYSIS WITH PROPERTY MARKET VALUE INCREASE OF 14%								
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current 2022 City Tax	Proposed Tax Increase*	Monthly Increase	Proposed 2023 City Tax
Residential Homestead	\$ 228,000	\$ 16,720	\$ 211,280	\$ 2,113	\$ 1,140.60	\$ 244.39	20.37	\$ 1,384.98
	285,000	11,590	273,410	2,734	1,484.49	307.76	25.65	1,792.26
	332,880	7,281	325,599	3,256	1,773.36	361.00	30.08	2,134.37
	342,000	6,460	335,540	3,355	1,828.39	371.14	30.93	2,199.53
	399,000	1,330	397,670	3,977	2,172.28	434.52	36.21	2,606.80
	406,980	612	406,368	4,064	2,220.43	443.40	36.95	2,663.82
	456,000	-	456,000	4,560	2,516.18	472.99	39.42	2,989.17
513,000	-	513,000	5,163	2,839.50	544.62	45.38	3,384.12	
Commercial/Industrial	\$ 570,000	\$ -	\$ 570,000	\$ 10,650	\$ 5,836.75	\$ 1,144.53	95.38	\$ 6,981.28
	1,140,000	-	1,140,000	22,050	12,146.75	2,307.45	192.29	14,454.20
	5,700,000	-	5,700,000	113,250	62,626.75	11,610.81	967.57	74,237.56

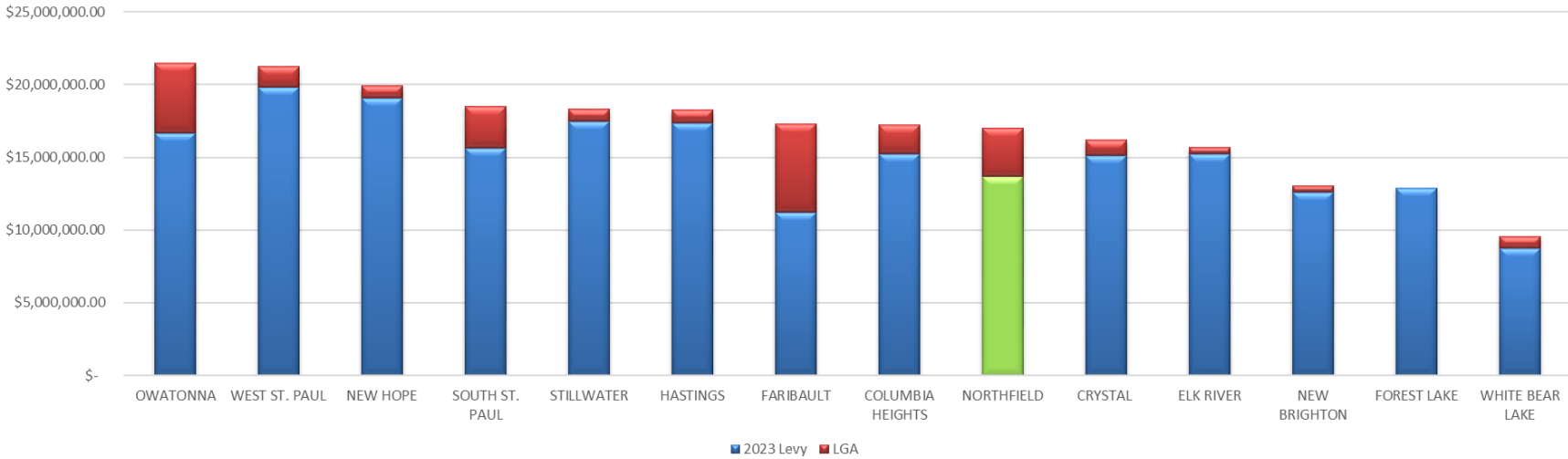
* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

Key Ratios – Peer Comparison

Peer Group - Total 2023 \$Levy



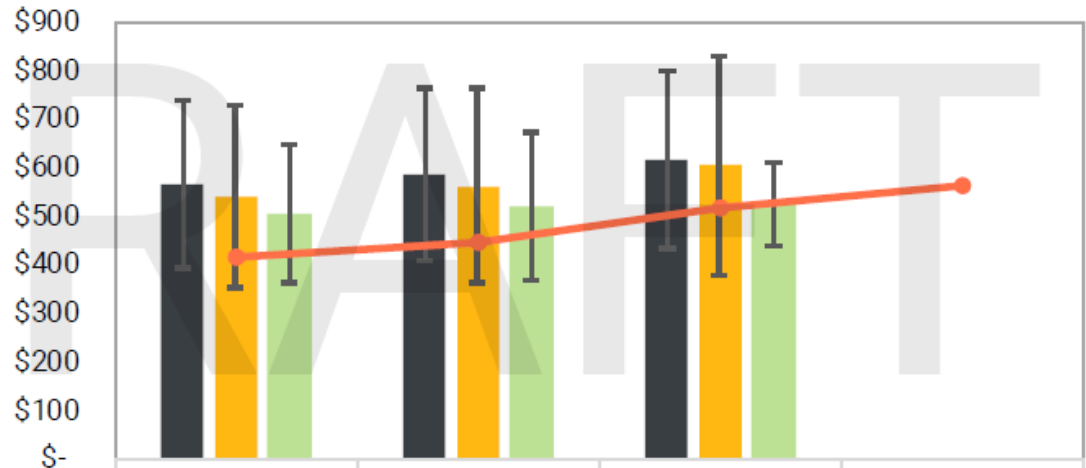
Peer Group - Total 2023 \$ Levy + LGA



Key Ratios – Peer Comparison

Northfield City Taxes Per Capita are lower than all compared groups

Taxes - Per Capita

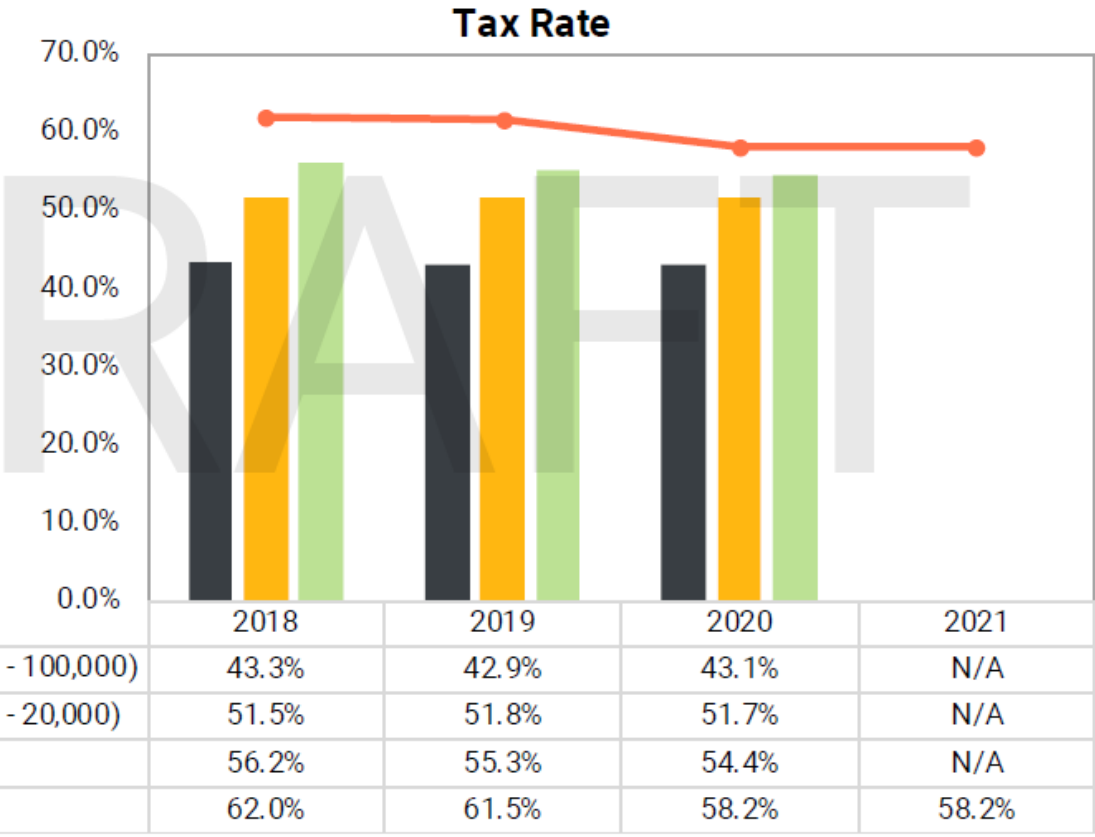


	2018	2019	2020	2021
■ Class 2 Cities (20,001 - 100,000)	\$569	\$589	\$620	N/A
■ Class 3 Cities (10,001 - 20,000)	\$543	\$564	\$608	N/A
■ Cities in Rice County	\$507	\$523	\$528	N/A
—● City of Northfield	\$419	\$450	\$517	\$568

Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

Northfield's Tax Rate is higher than the Rice county average and Class 2 & 3 Cities

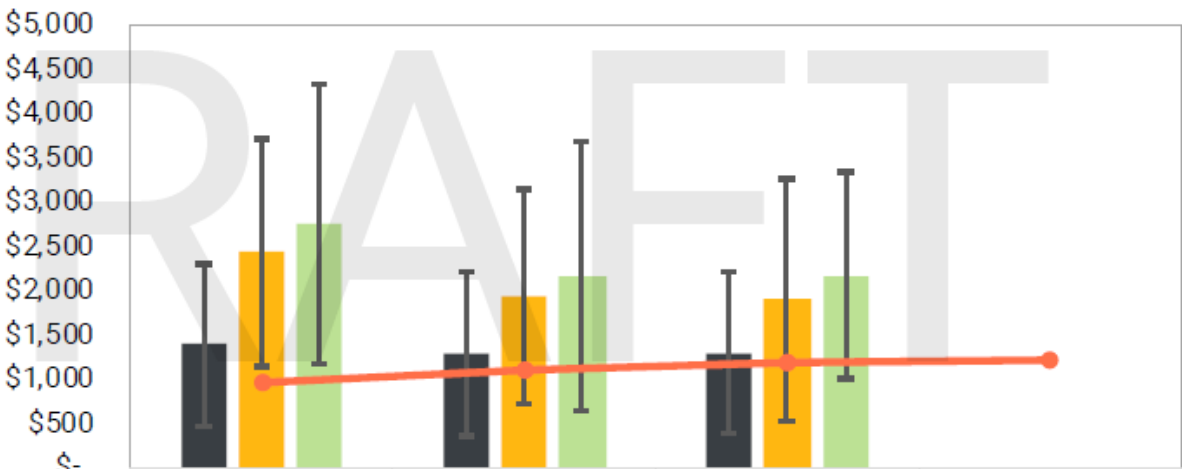


Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

Northfield's debt per capita is lower than all compared groups

Long Term Debt - Per Capita



	2018	2019	2020	2021
Class 2 Cities (20,001 - 100,000)	\$1,391	\$1,283	\$1,292	N/A
Class 3 Cities (10,001 - 20,000)	\$2,437	\$1,939	\$1,905	N/A
Cities in Rice County	\$2,752	\$2,169	\$2,173	N/A
City of Northfield	\$960	\$1,112	\$1,197	\$1,230

Source: Abdo, Eick & Meyers, LLP Audit Presentation

Budget & Levy Schedule

September

- September 20th adoption of 2023 Preliminary Levy, Budget & Final Budget Hearing Set
 - Final Approved City Property Tax Levy in December can go down, but cannot be increased from the Preliminary Levy
- September 20th approve 2023 Utility Rates

October

- October 11th Budget Worksession – focus on 2024 and beyond

November

- November 1st Communication to Public on 2023 Budget
- Mid-November County mails TNT statements
- November 15th Budget Worksession – review December 2023 presentation and determine recommendation for 2024 preliminary levy & budget

December

- **December 6th Public Hearing 6:00 p.m. on the 2022 Budget and Tax Levy**
- December 6th approval of Levy and Budget