

City of Richfield

2011 Proposed Budget & Tax Levy

Emphasis on Funding Local Services
has Shifted to Local Taxes



Timetable & Key Events

Calendar of Events & Dates

Council Budget Meetings:

⇒ **August 30, 2010 Budget Study Session**

⇒ **October 4, 2010 Budget Study Session**

 **Adopt Preliminary Levy - September 14, 2010**

 **Truth In Taxation Hearing – November 29, 2010**








 **Certify Final Levy - December 14, 2010**



Key Issues For 2011



□ A Budget Built on:

-  **Levy Limits imposed for 2011**
-  **LGA “Ratified” Unallotment of \$1,295,263 & MVHC reduction of \$610,364 for 2010**
-  **Property Taxes remain primary funding source**
-  **State of Minnesota faces estimated \$5.8 billion deficit**
-  **2011 Budgeted Revenues includes only \$550,000 of certified LGA of \$2,213,609**
-  **Levy back of 2010 LGA and MVHC cuts-\$760,583**
-  **Maintaining rolling stock/equipment needs**
Due to levy limits - Issue G.O. Capital Notes



History of State Aid



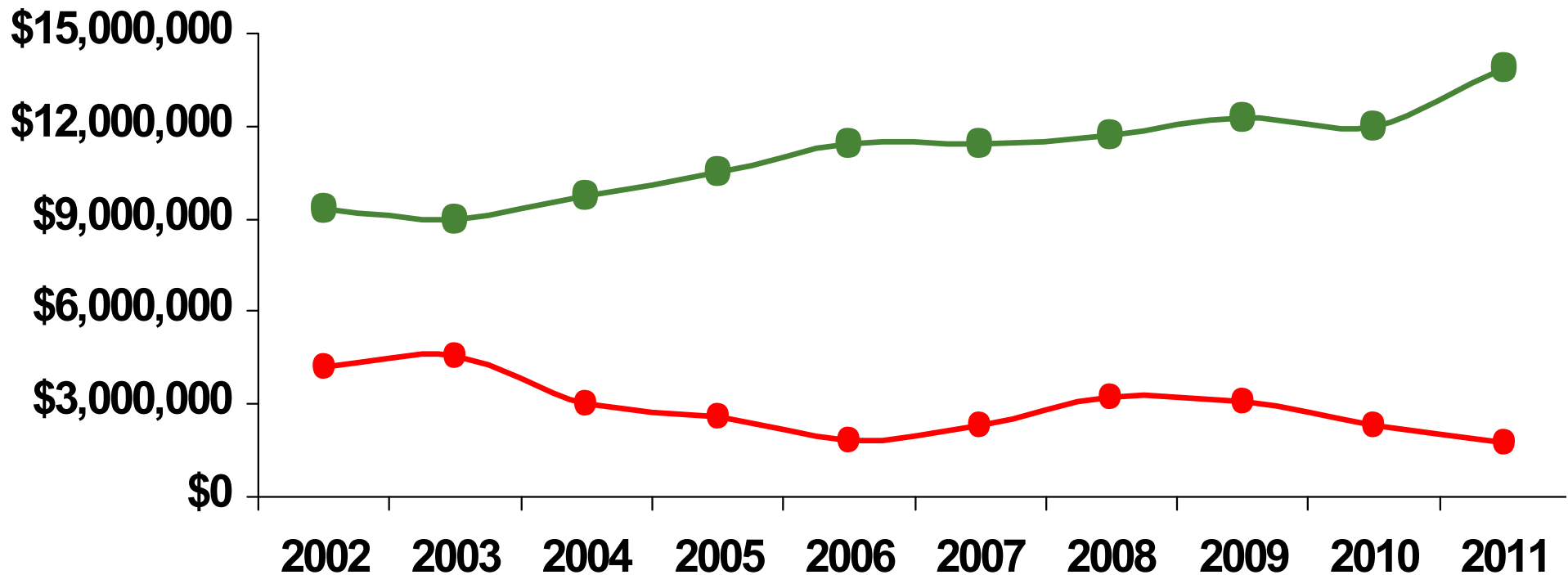
	<u>Certified</u>	<u>Change</u>
2003 -	\$ 2,673,652	\$ (600,795)
2004 -	\$ 2,618,829	\$ (54,823)
2005 -	\$ 1,593,091	\$ (1,025,738)
2006 -	\$ 813,633	\$ (779,458)
2007 -	\$ 2,007,206	\$ 1,193,573
2008 -	\$ 2,175,689	\$ 168,483
2008 -	Unallotment	\$ (619,183)
2009 -	\$ 2,640,728	\$ 465,039
2009 -	Unallotment	\$ (561,357)
2010 -	\$2,513,609	\$ (127,119)
2010 -	Unallotment	\$ (1,905,627)
2011 -	\$2,213,609	\$ (300,000)



Revenue Comparison

Taxes & Intergovernmental Revenue - GF

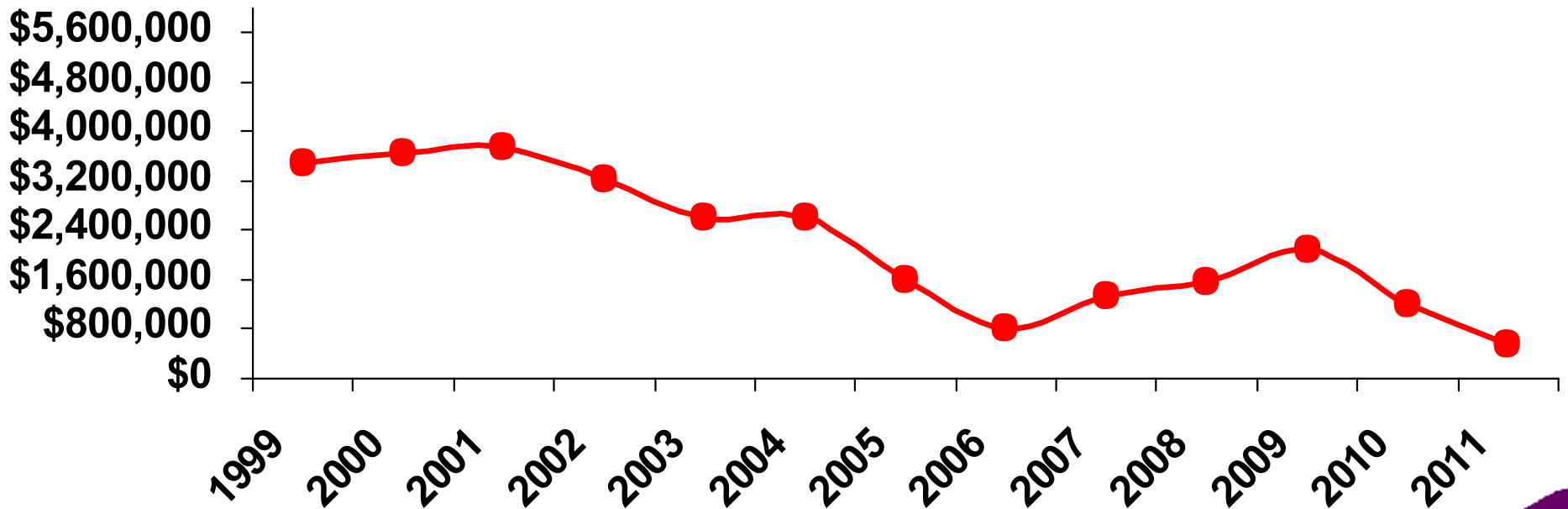
- In 2001 Taxes=38% Intergovernmental Revenue=39%
- In 2011 Taxes=70% Intergovernmental Revenue=9%



LGA Comparison

Local Government Aid (LGA)

- 2010 **Net** LGA is **6.38%** of General Fund Revenues
- 2011 LGA is **2.79%** of General Fund Revenues
- **In 2001 LGA accounted for 24% of GF Revenues**



2011 Proposed Gross Levy

□ **2011 Gross Levy is \$16,330,041**

Increase of **6.82%** over the 2010 Levy

⇒ General Fund Levy \$13,403,482

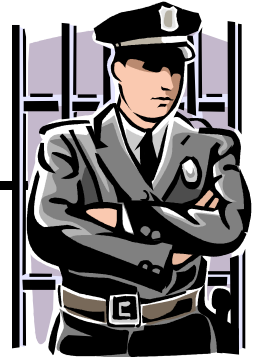
⇒ Levy Back of Aids \$ 760,583

⇒ Base Levy Total \$14,164,065

⇒ Debt Service Levy \$ 1,923,656

⇒ Tax Abatement Levy \$ 242,320

⇒ Total 2010 Levy \$16,330,041 **6.82%**



Unused Special Tax Levies

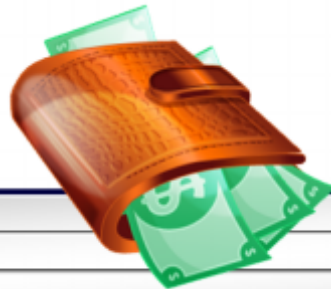
→ **2008 LGA Unallotment - \$586,082**

⇒ **Used \$33,101 for 2010**

→ **2009 LGA Unallotment - \$561,357**

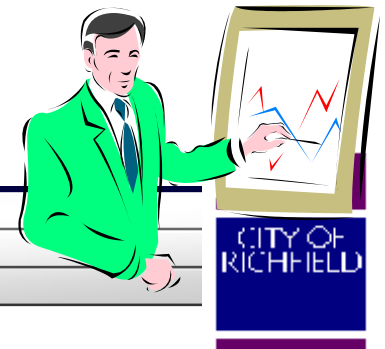
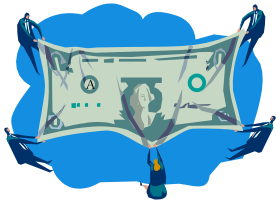
→ **2010 LGA & MVHC - \$1,145,044**

⇒ **Used \$760,583 for 2011**



Gross Tax Levy History

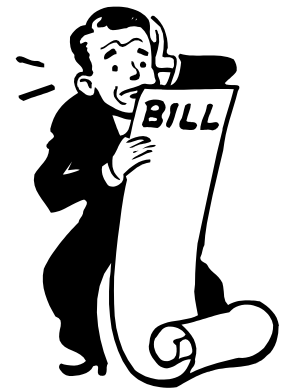
2011 - \$16,330,041	- 6.82% Increase
2010 - \$15,288,021	- 6.88% Increase
2009 - \$14,304,539	- 10.03% Increase
2008 - \$13,000,168	- 8.40% Increase
2007 - \$11,993,259	- 0.48% Increase
2006 - \$11,935,629	- 8.57% Increase
2005 - \$10,993,024	- 7.17% Increase
2004 - \$10,257,110	- 6.91% Increase
2003 - \$ 9,594,416	- 5.93% Decrease
2002 - \$10,198,785	- 21.20% Increase
2001 - \$ 8,414,500	- 2.97% Increase



Gross Tax Levy



How much of a levy increase/(decrease) would we have if the 2011 Budget included certified LGA revenues of \$2,213,609?



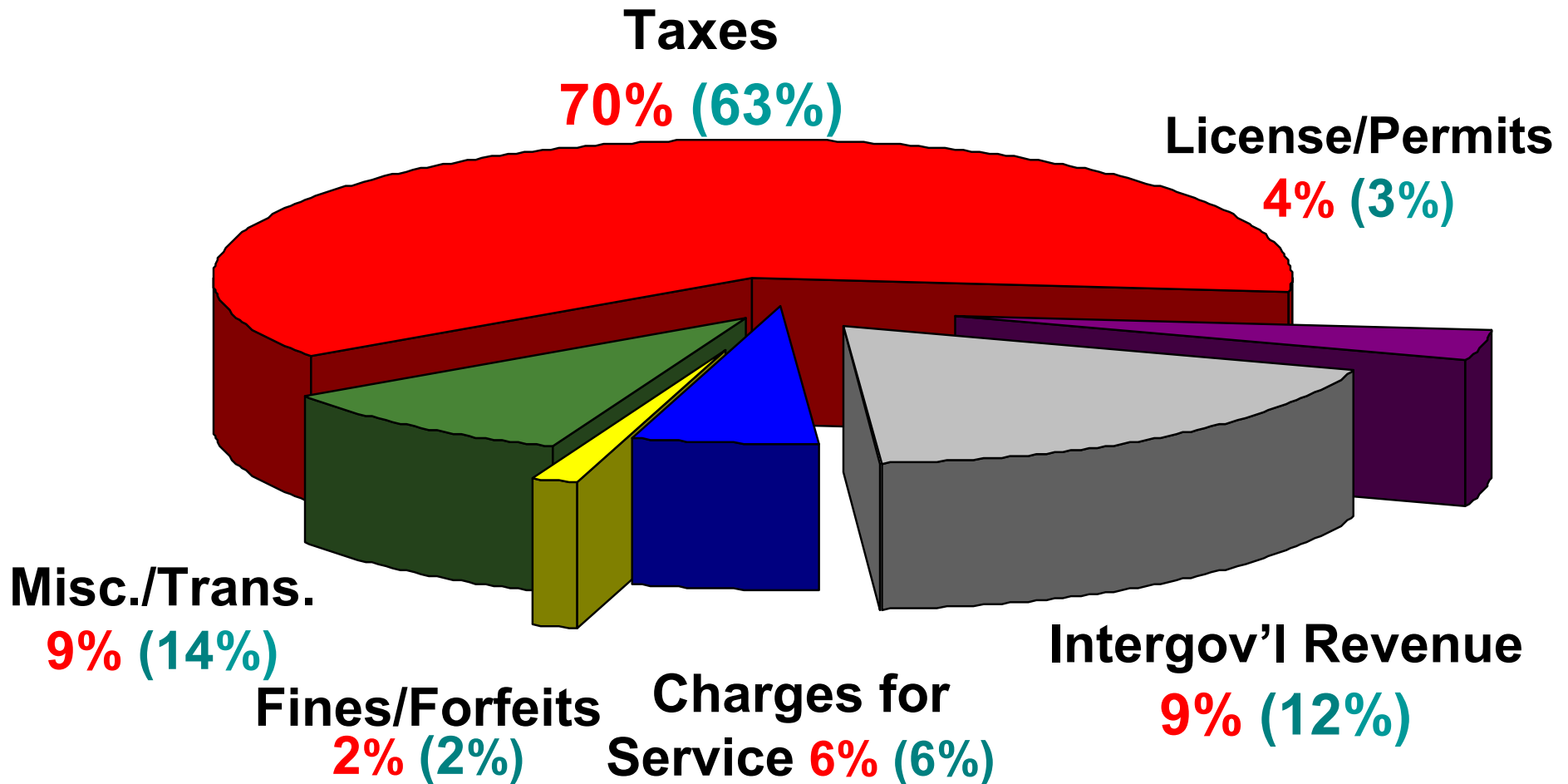
Answer: There would be a decrease of 4.29%!

2011 Proposed General Fund Budget

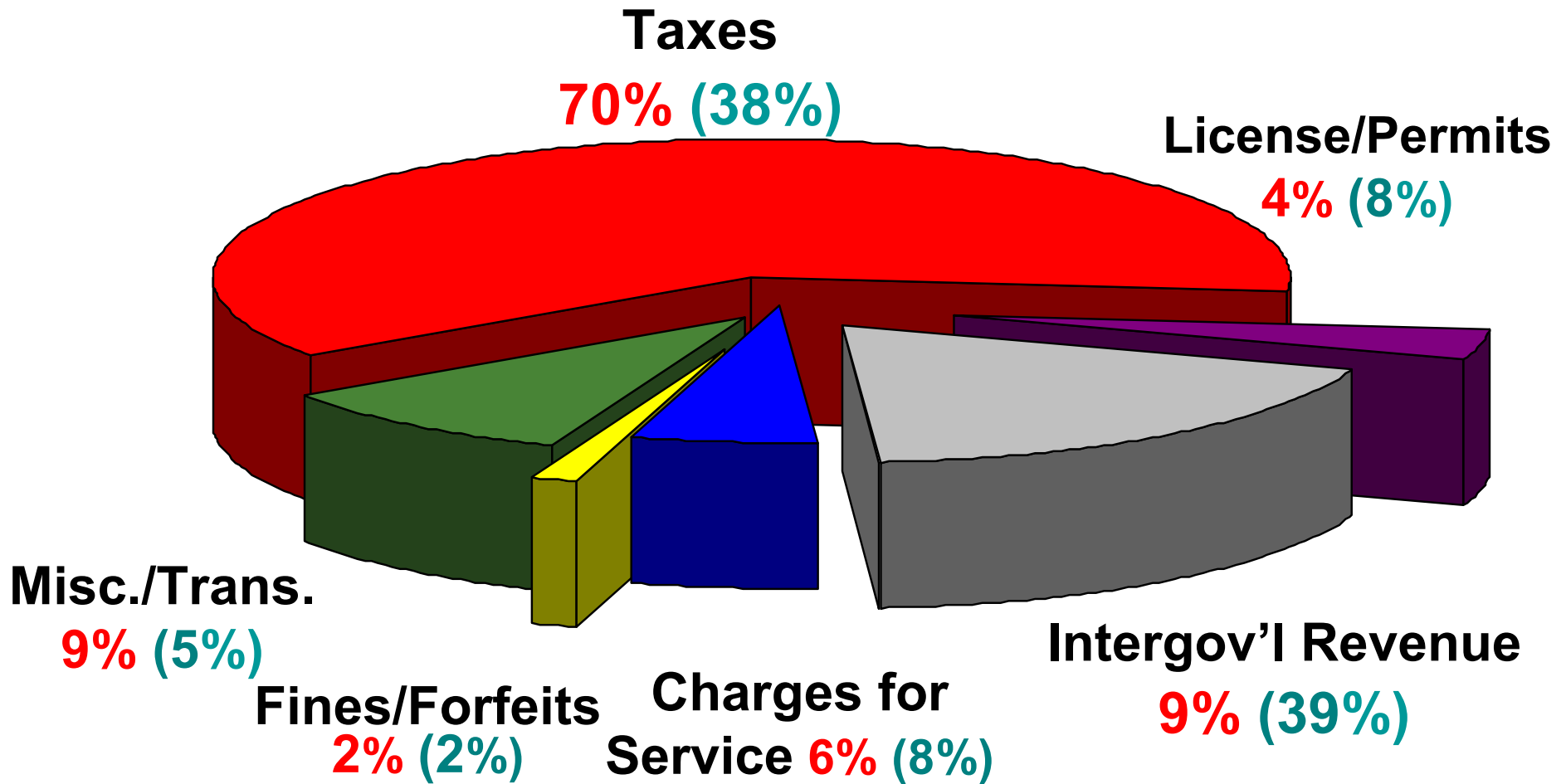
- The 2011 Proposed G.F. of **\$19,712,810** is a(n):
 - 📄 **2.77% increase** from the 2010 Budget
 - 📄 **3.31% increase** from the 2010 Revised Budget



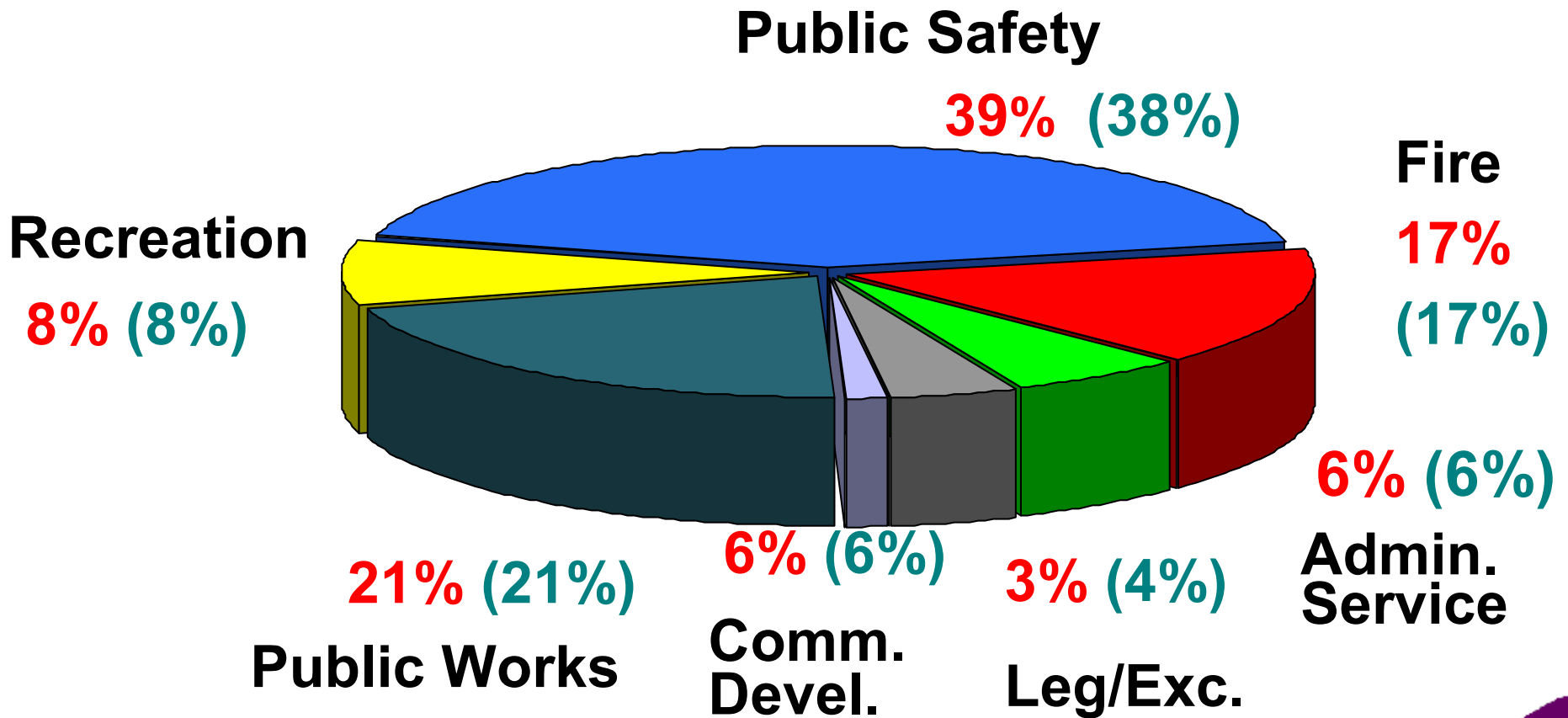
2011 (2010) Proposed Budget General Fund Revenues



2011 (2001) Proposed Budget General Fund Revenues

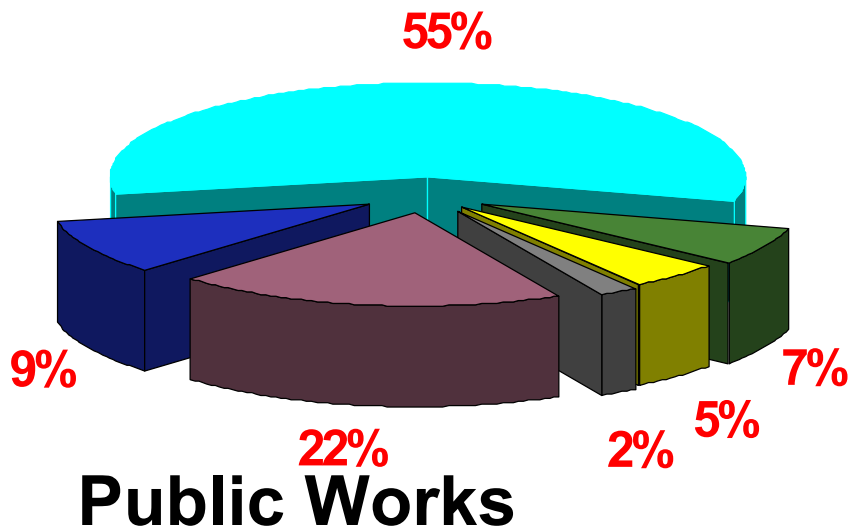


2011 (2010) Proposed Budget General Fund Expenditures

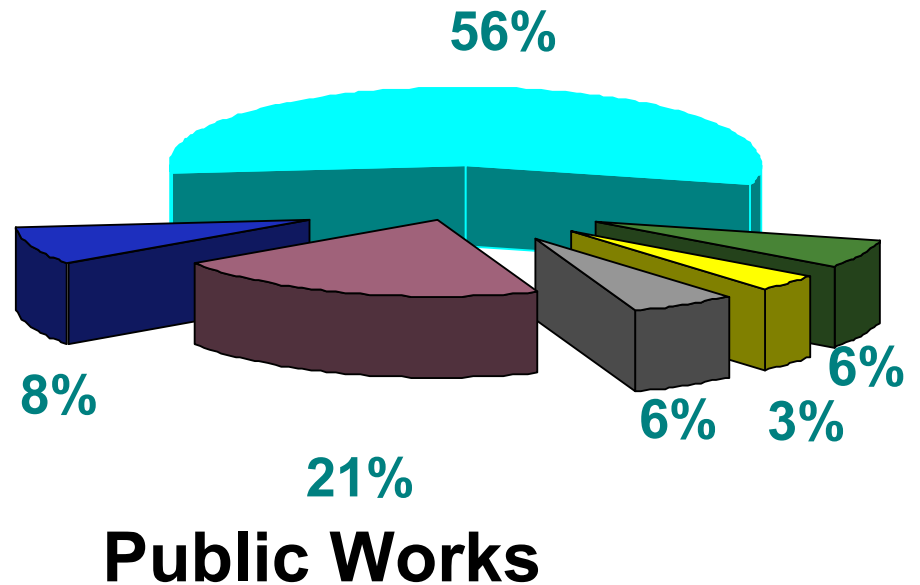


2001/2011 Expenditure Profile

Public Safety & Fire

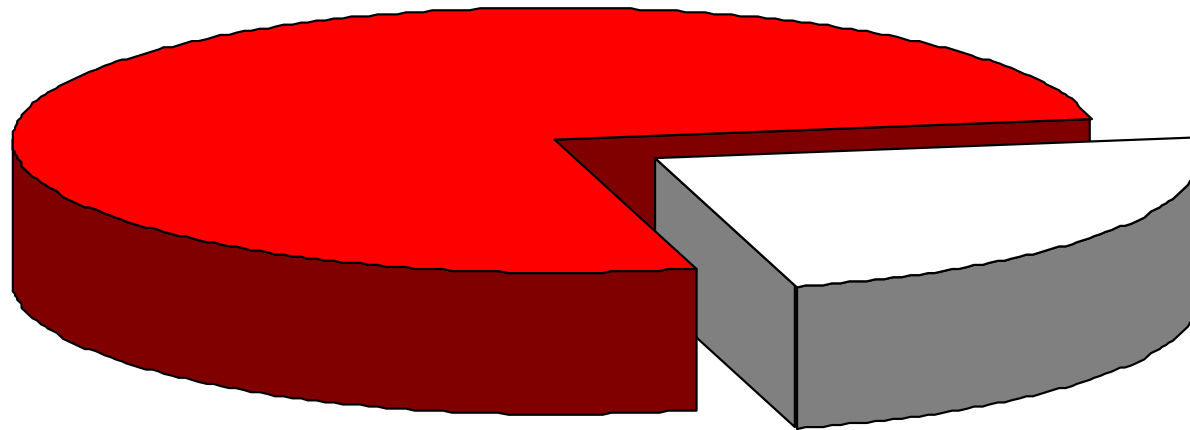


Public Safety & Fire



2011 Proposed Budget General Fund Expenditures

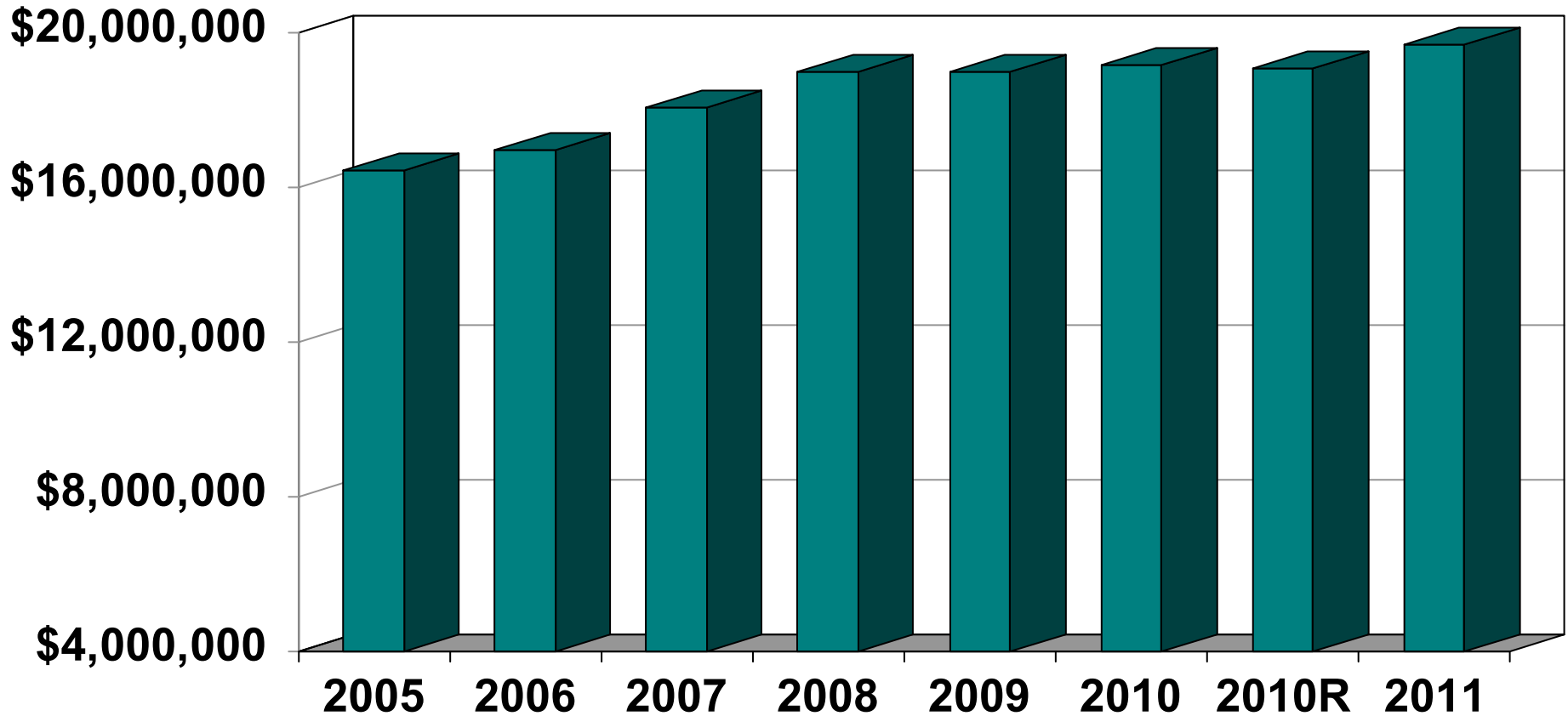
Public Safety/Public Works/Fire = 77%(\$15,140,640)



Total General Fund Tax Levy = \$14,164,065

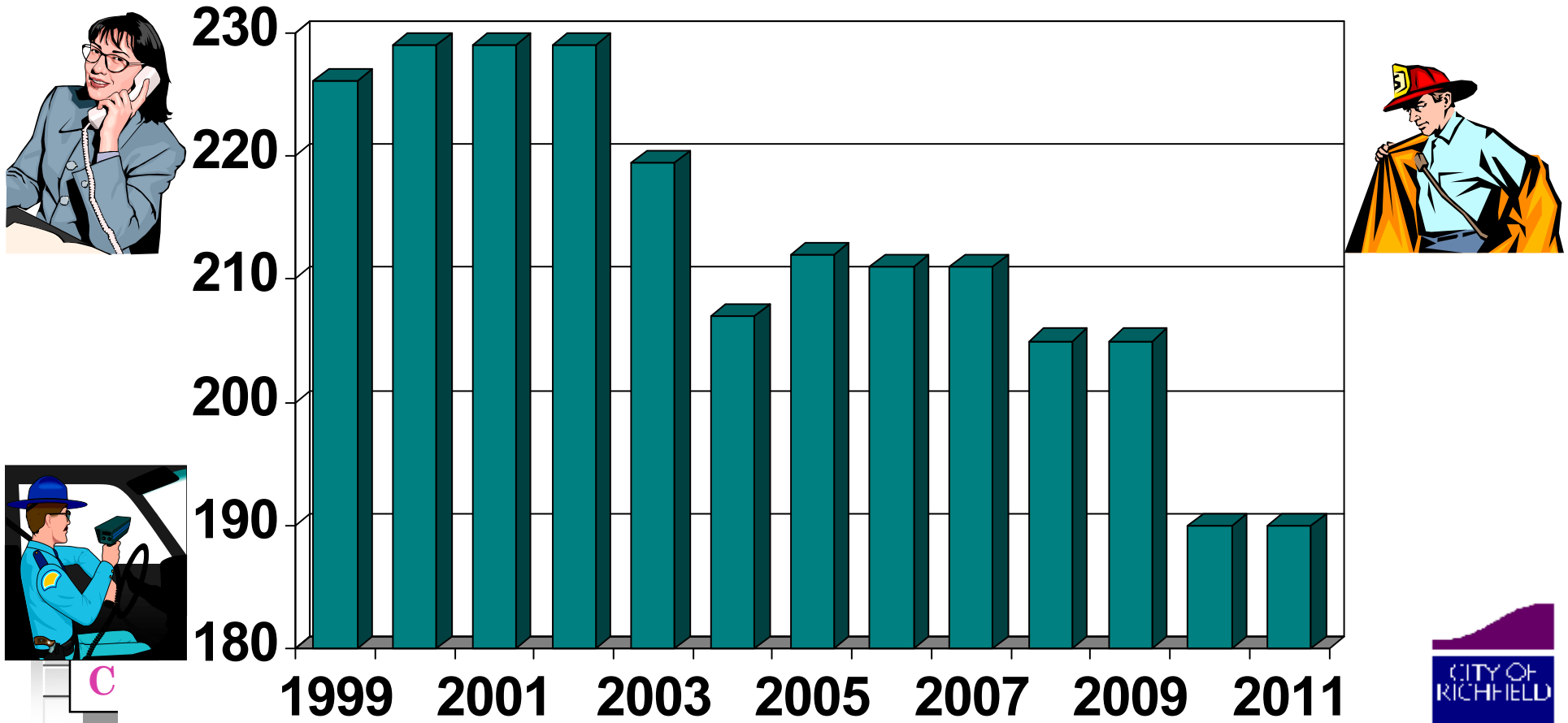
General Fund History

 **Average increase of 3.00%**



Full-Time Regular Personnel

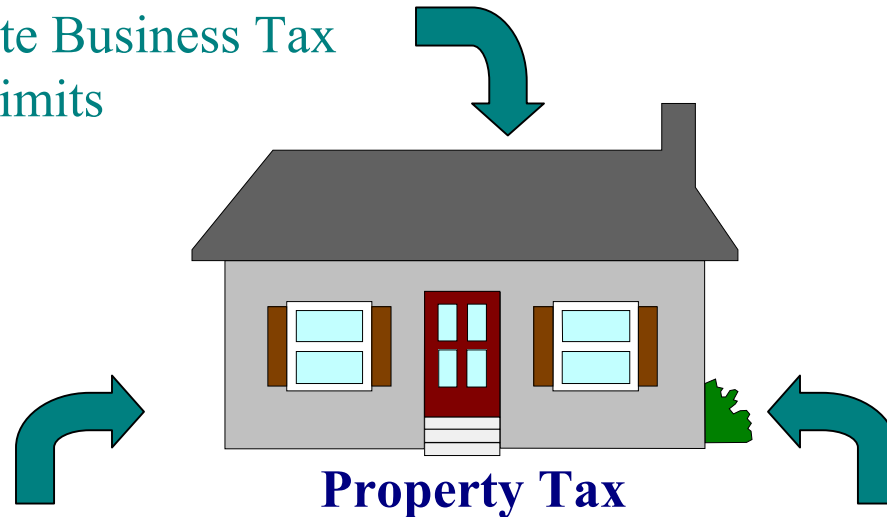
Reduction of 3 Full Time Positions
7 Full Time Positions Held Open



Who Determines Your Property Tax?

State Legislature

- Establishes Property Classes & Class Rates
- Determines Levels of State Aid
- Levies State Business Tax
- Sets levy limits



Taxing Jurisdictions

- Determines Levy Amount
(Overall budget and that portion to be raised through property taxes.)

County Assessor

- Determines Market Value
- Assigns Property Class

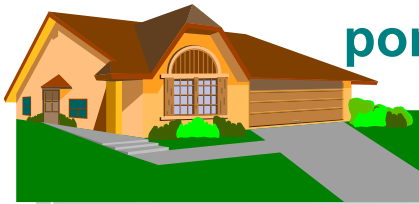
2011 Proposed Levy Estimated Impact

□ \$175,000 Property

📄 City Portion- Tax 2010	\$ 839.21
📄 City Portion- Tax 2011	\$ 961.56
📄 City Portion- Tax 2011 (-7.6% emv)	\$ 888.48

☆ \$122.34 increase or \$10.20 per month in City property tax portion with no Market Value increase

☆ \$49.26 increase or \$4.11 per month in City property tax portion with estimated 7.6% decrease in Market Value



City of Richfield



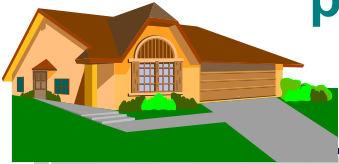
2011 Proposed Levy Estimated Impact

☐ \$200,000 Property

☞ City Portion- Tax 2010	\$ 959.10
☞ City Portion- Tax 2011	\$1,098.92
☞ City Portion- Tax 2011 (-7.6% emv)	\$1,015.40

☆ \$139.82 increase or **\$11.65** per month in City property tax portion with no change in Market Value

☆ \$56.30 increase or **\$4.69** per month in City property tax portion with estimated 7.6% decrease in Market Value



City of Richfield



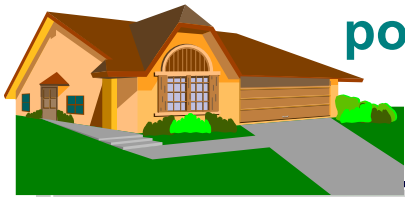
2011 Proposed Levy Estimated Impact

□ \$225,000 Property

📄 City Portion- Tax 2010	\$ 1,078.99
📄 City Portion- Tax 2011	\$ 1,236.29
📄 City Portion- Tax 2011 (-7.6% emv)	\$ 1,142.33

☆ \$157.30 increase or **\$13.11** per month in City property tax portion with no change in Market Value

☆ \$63.34 increase or **\$5.28** per month in City property tax portion with estimated 7.6% decrease in Market Value



City of Richfield



2011 Proposed Levy

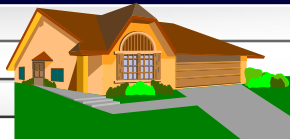
Reasons for Tax Increases

📄 2011 Budget reduces dependence on LGA =
Reduced revenues = Increased Property
Taxes

📄 Shift in Tax Capacity values from
Commercial Property to Residential Property
= Greater burden on Residential taxpayer

📄 Debt Service Tax Levy's

📄 Level of Market Value Change



2011 Monthly Costs For Services

City Services

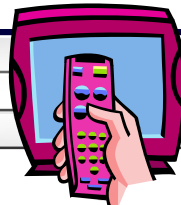
\$ 200,000 EMV

- Police, 911 \$ 33.00
- Fire \$ 14.39
- Comm. Dev. & Insp. \$ 5.08
- Public Works \$ 17.77
- Recreation \$ 6.77
- All Other Services \$ 7.61



Other Services

- Cable TV-Digital \$ 87.00
- Internet Service (modem) \$ 37.00
- Cell Phone \$ 100.00 (2 Phones)
- Garbage \$ 26.00
- Telephone-Basic \$ 42.00
- Natural Gas \$ 62.00
- Electric \$ 59.00



City of Richfield



2011 Proposed Budget

□ 2011 Capital Improvement Budget

📄 Total 2011 Budget - \$9,446,380

📄 Major Projects Include:

➔ Richfield Municipal Center

➔ Recreation Projects

➔ Richfield Parkway-Taft Lake Improvements

➔ Replacement of Rolling Stock & IT Equipment

➔ Water, Wastewater & Storm Water Improvements



City of Richfield

CITY HALL

CITY OF RICHFIELD

2011 Proposed Budget

Rolling Stock/Equipment - Purchases 2010-2011

☞ Total Cost of Equipment - \$1,307,210

☞ Issuance of G.O. Capital Notes \$1,315,000

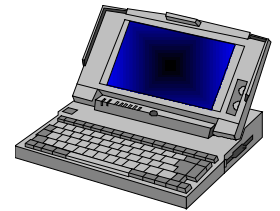
☞ Tax Levy of \$317,893 in 2011

☞ 3 - Police Squads

☞ 2 – Dump Trucks

☞ Computer Network Infrastructure & Equipment

☞ Approximately \$641,380 in purchases for 2011



City of Richfield

CITY OF
RICHFIELD

Where Are We Going?

 **Richfield must continue to develop a long term strategy for economic independence.**

⇒ **Levy Limits end after 2012**

⇒ **Eliminate City's dependence on LGA**

⇒ **Continue Key Financial Strategy Planning**



 **Maintain current level of quality service**

 **Contain operating costs within our control**