



TRUTH IN TAXATION

Public Information Hearing
December 4, 2014
6:00 p.m.

BUDGET PROCESS TO DATE

- County Board and Staff held work sessions over the summer and fall on the proposed budget for 2015
- County Board adopted the preliminary budget and levy in September
- Truth-in-Taxation Notices were mailed to all County 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 Tax Levy
- Explain the Increases
- Hear Public Comments and Questions on Budget and Tax Levy

BUDGET PROCESS TO DATE

- **TONIGHT** – Truth-in-Taxation Hearing
- **WEDNESDAY, DEC. 10th**: Continuation of Truth-in-Taxation Hearing (*if necessary*)
- **TUESDAY, DEC. 23RD**: Final Budget and Tax Levy Expected to be Adopted by the Board

A REMINDER

Tonight we discuss the County's
share of your total 2015 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.

JUNE

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

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.



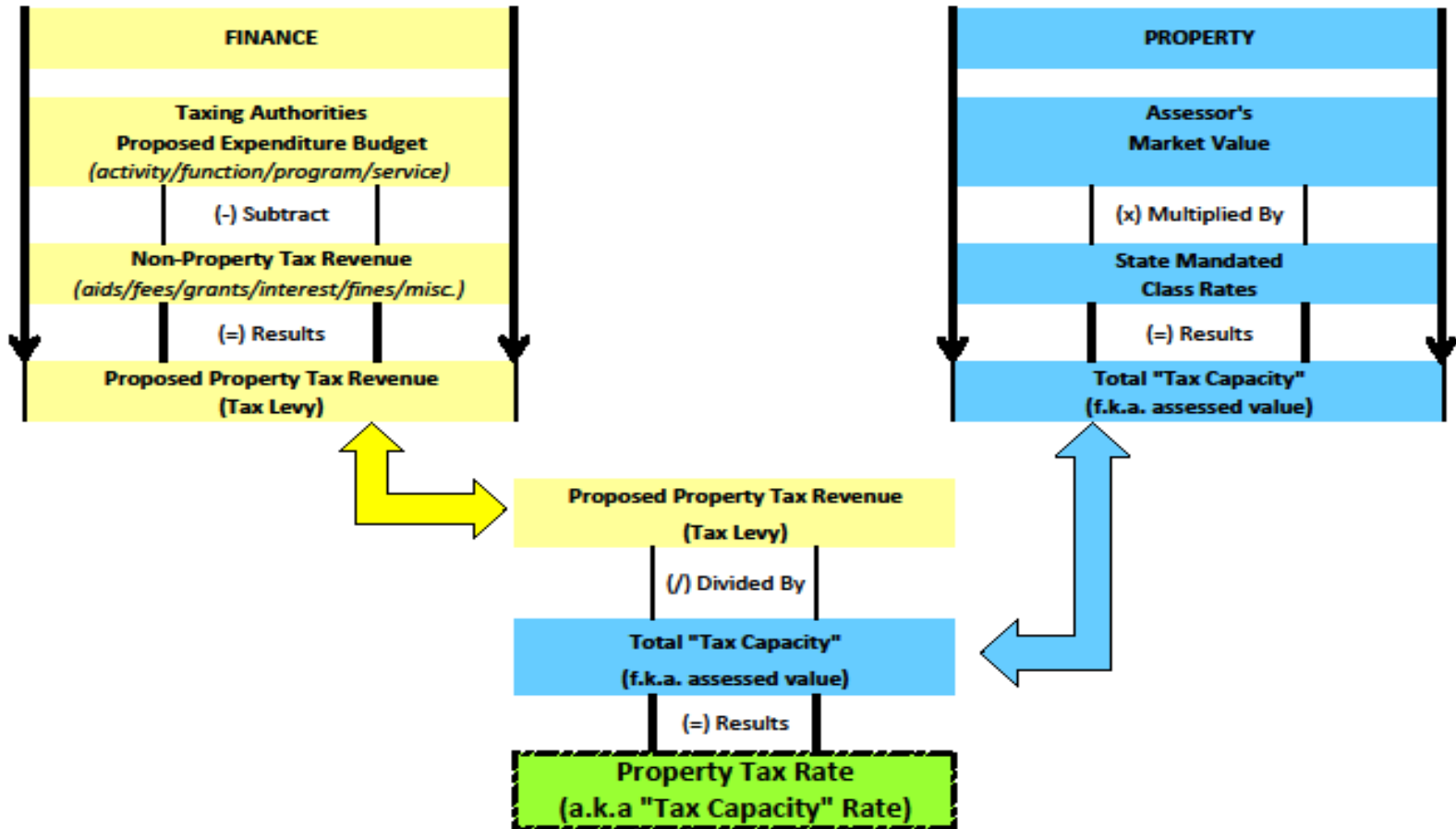
BRIEFLY ON VALUATIONS

- 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 2015, were set in January 2014.
- Property Values on Statements recently received are based off of home sales from October of 2012 to September of 2013.
- Property owners will receive new notices of market values from the assessor in March/April of 2015. Questions on Valuations should be addressed at the Equalization Hearing in May/June.

FIRST OFF!

- The preliminary tax levy set in September, and the property tax affect (Statement you got in the mail) showed a tax increase of 5.0%.
- 2014 Tax = \$11,689,138 2015 Tax = 12,273,595
- There have been no changes to the Tax Levy since the preliminary levy set in September.

HOW YOUR PROPERTY TAXES ARE DETERMINED



YOUR PROPERTY TAX =

Your Property's Market Value X Class Rate(s) X "Tax Capacity" Rate

Estimated Market Values and Tax Capacity Rates

<u>Tax Capacity</u>	<u>Payable 2014</u>	<u>Proposed 2015</u>	<u>% Change</u>
Ag	\$19,224,950	\$22,306,669	16%
Non-Ag	\$5,166,472	\$5,943,975	15%
Personal Property	\$645,873	\$1,316,063	104%
TIF Capt. TC	(\$149,155)	(\$167,423)	12%
TOTAL	\$24,888,140	\$29,399,284	18%
Tax Levy	\$11,689,138	\$12,273,595	5%
Tax Capacity Rate	46.967%	41.748%	-11%

EXPLANATION OF PROPERTY TAX RATE

Sibley County's Property Tax Rate is set by taking the county's tax levy and dividing it by its total tax capacity.

$$\$12,273,595 / \$29,399,284 \text{ [Total Tax Capacity]} = 41.748\%$$

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 County's total tax capacity is an accumulation of all parcels within the county, minus adjustments.

PROPERTY TAXATION 101

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

[parcel market value] x [parcel class rate] x [county tax rate]
= County portion of your tax bill

Example:

\$125,000 (home) x 1.0% (class rate) x .41748 (county tax rate) = \$521.85

2014:

\$125,000 (home) x 1.0% (class rate) x .46967 (county tax rate) = \$587.09

14 REASONS PROPERTY TAXES VARY FROM YEAR TO YEAR

1. THE MARKET VALUE OF A 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 CHANGES MAY ADJUST THE TAX BASE

WHERE WE STAND

Where does Sibley County stand in regards to the rest of the area (District 7) when it comes to our Property Taxes?

<u>County</u>	<u>Population</u>	<u>Proposed Budget</u>	<u>Proposed Levy</u>	<u>Levy as % of Budget</u>	<u>Levy Change from 2014</u>	<u>Per Capita Tax</u>
Brown	25,893	\$29,439,331	\$11,971,313	41%	5.15%	\$462
Blue Earth	64,013	\$86,744,321	\$30,198,127	35%	3.99%	\$472
McLeod	37,042	\$39,764,725	\$18,659,457	47%	2.00%	\$504
Martin	22,849	\$22,594,825	\$12,992,806	58%	10.05%	\$569
Nicollet	32,727	\$34,313,906	\$18,676,841	54%	5.25%	\$571
Le Sueur	27,896	\$46,585,440	\$16,425,723	35%	7.80%	\$589
Faribault	14,553	\$19,357,237	\$9,846,816	51%	2.90%	\$677
Waseca	19,136	\$21,091,942	\$12,980,097	62%	9.98%	\$678
Watonwan	11,750	\$22,281,644	\$8,366,883	38%	6.00%	\$712
Sibley	15,226	\$24,713,081	\$12,273,595	50%	5.00%	\$806

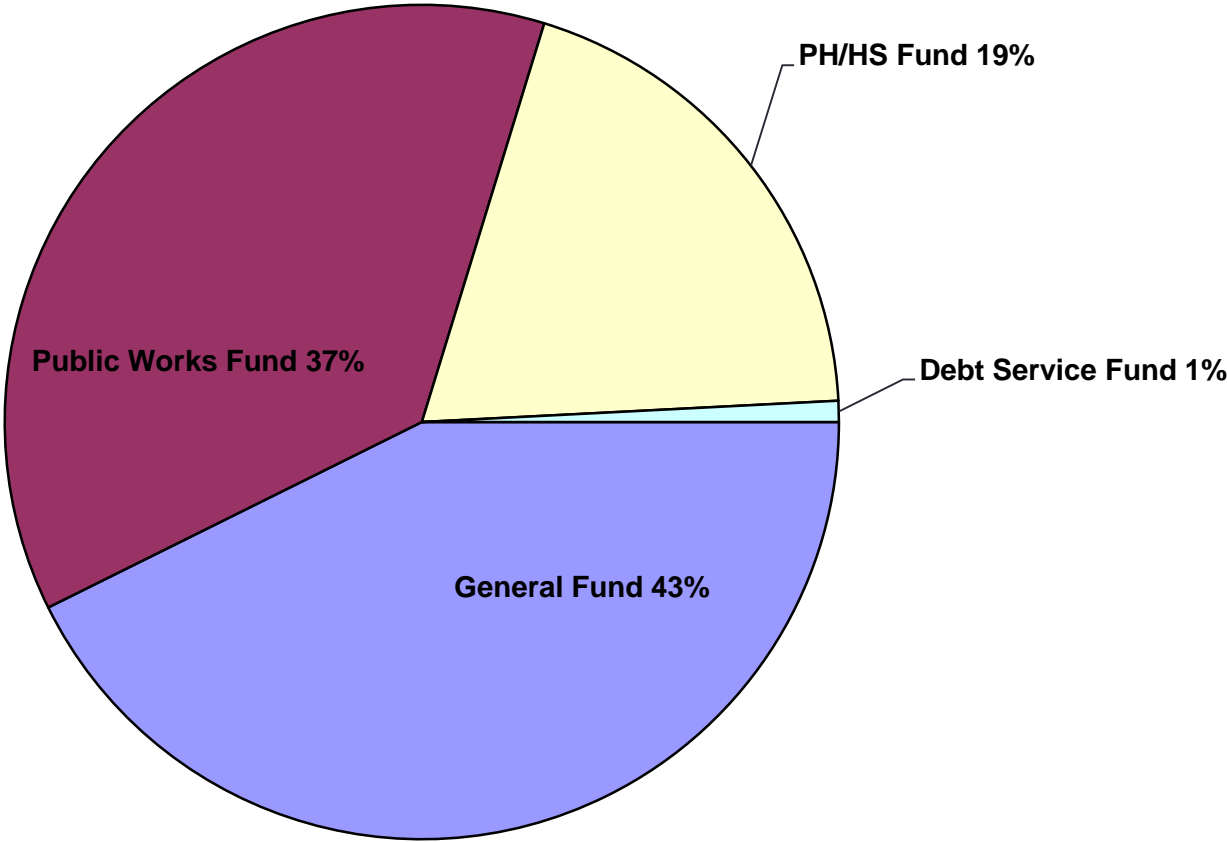
2015 PROPOSED BUDGET

**PROPOSED TAX LEVY AND GENERAL
FUND BUDGET**

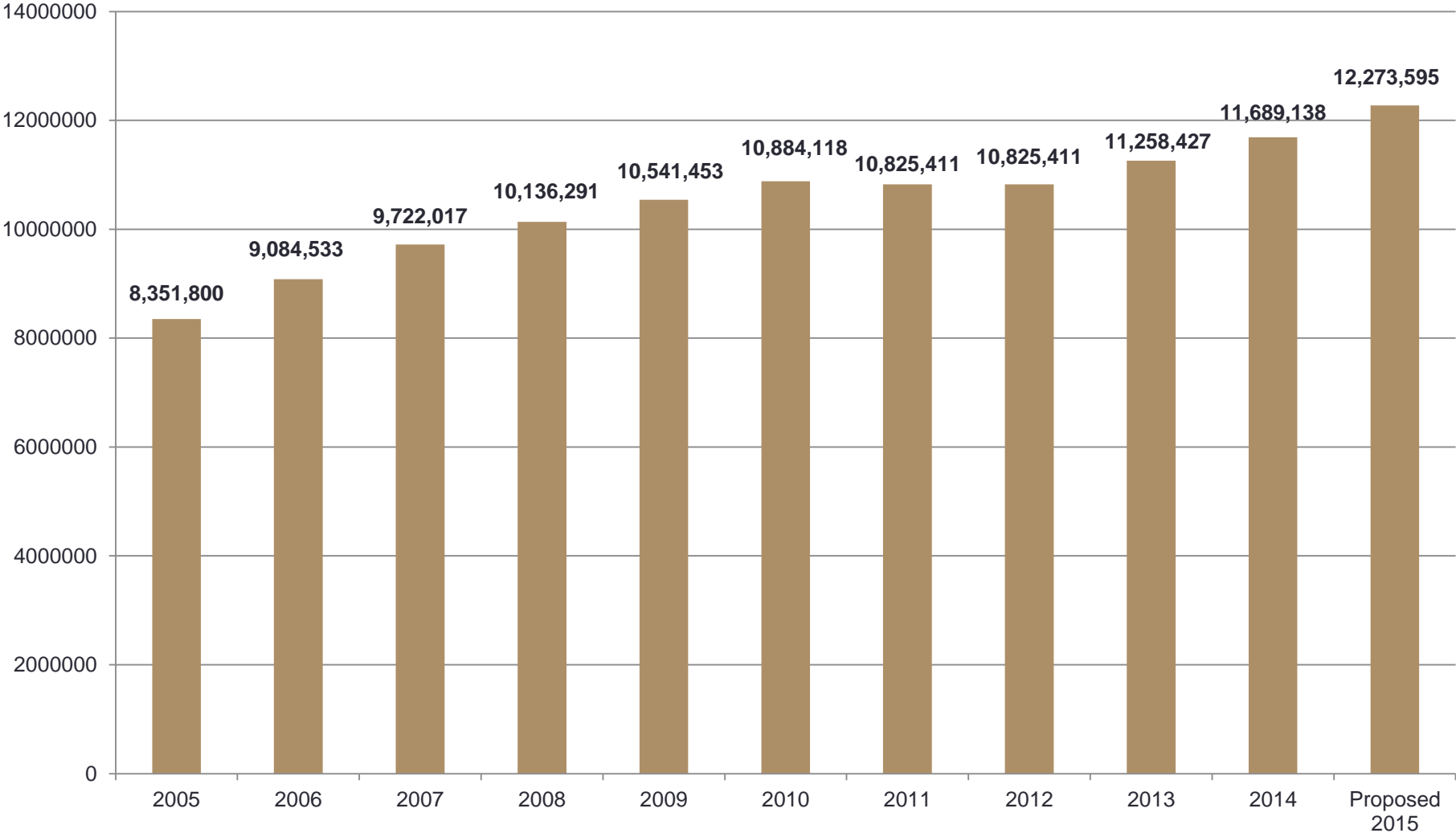
PROPOSED TAX LEVY

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
General Fund	\$5,145,702	\$5,236,677	1.8%
Public Works Fund	\$4,135,398	\$4,550,680	10.0%
PH/HS Fund	\$2,159,198	\$2,386,238	10.5%
<u>Debt Service Fund</u>	<u>\$248,840</u>	<u>\$100,000</u>	<u>-59.8%</u>
TOTAL LEVY	\$11,689,138	\$12,273,595	5.0%

TAX LEVY BREAKDOWN



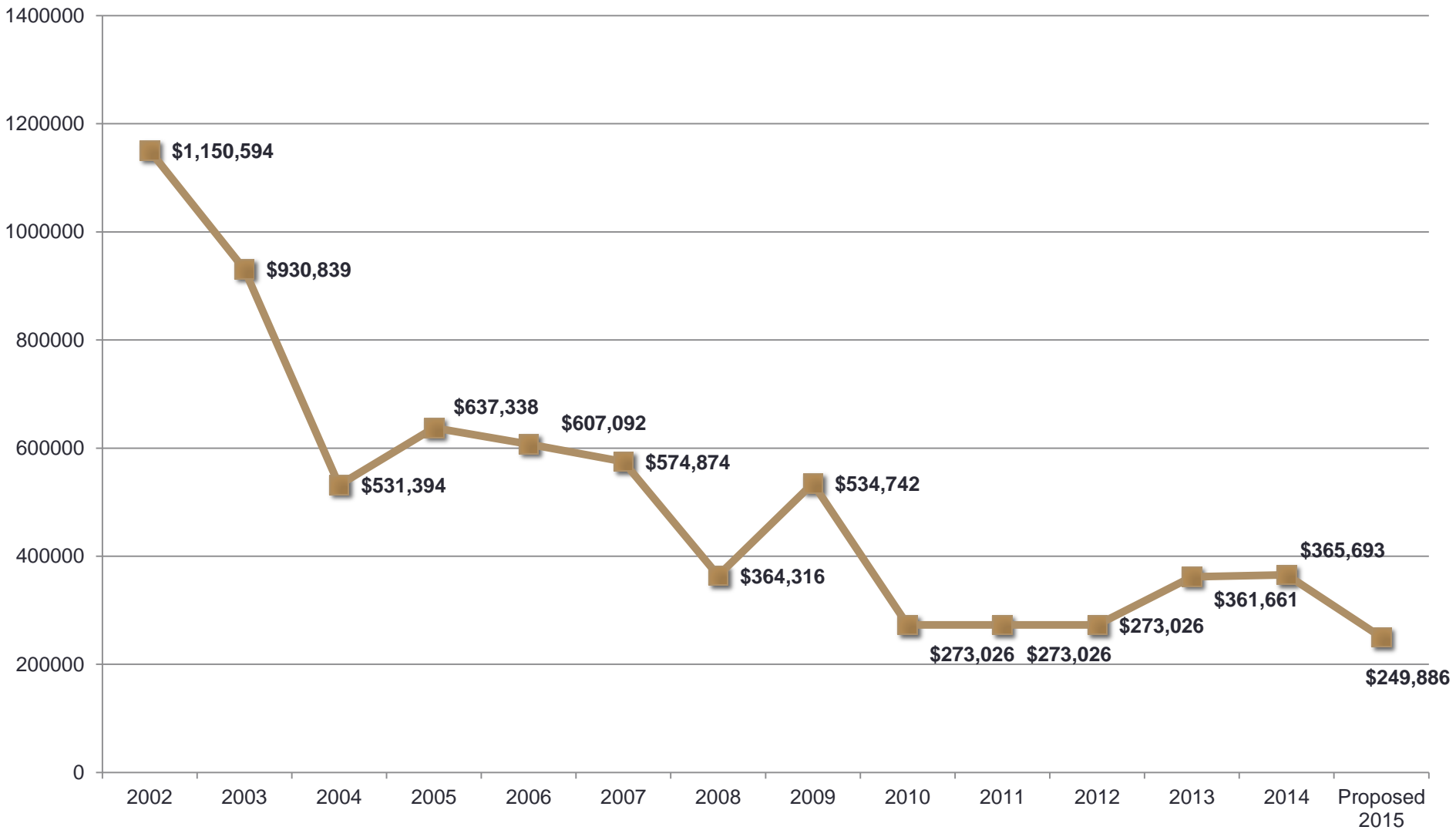
TAX LEVY TREND SINCE 2005



ADDITIONAL INFORMATION ON THE TAX LEVY

- Since 2005, the County's tax levy has increased by 47%.
- Since 2005, the average year-to-year levy increase was at 3.96%
- From 2008-2014, the average year-to-year levy increase was at 2.97%
- Since 2003, the County has had its County Aid reduced 6 times. Of those 6 times, 5 have taken place within the past 8 years
- THE 2015 TAX LEVY ACCOUNTS FOR A PER CAPITA TAX OF \$806, AN INCREASE FROM \$768 IN 2014
- Fund Per Capita Tax:
 - 1) General Fund -- \$344
 - 2) Public Works -- \$299
 - 3) PH/HS-- \$157
 - 4) Debt Service -- \$7

COUNTY PROGRAM AID



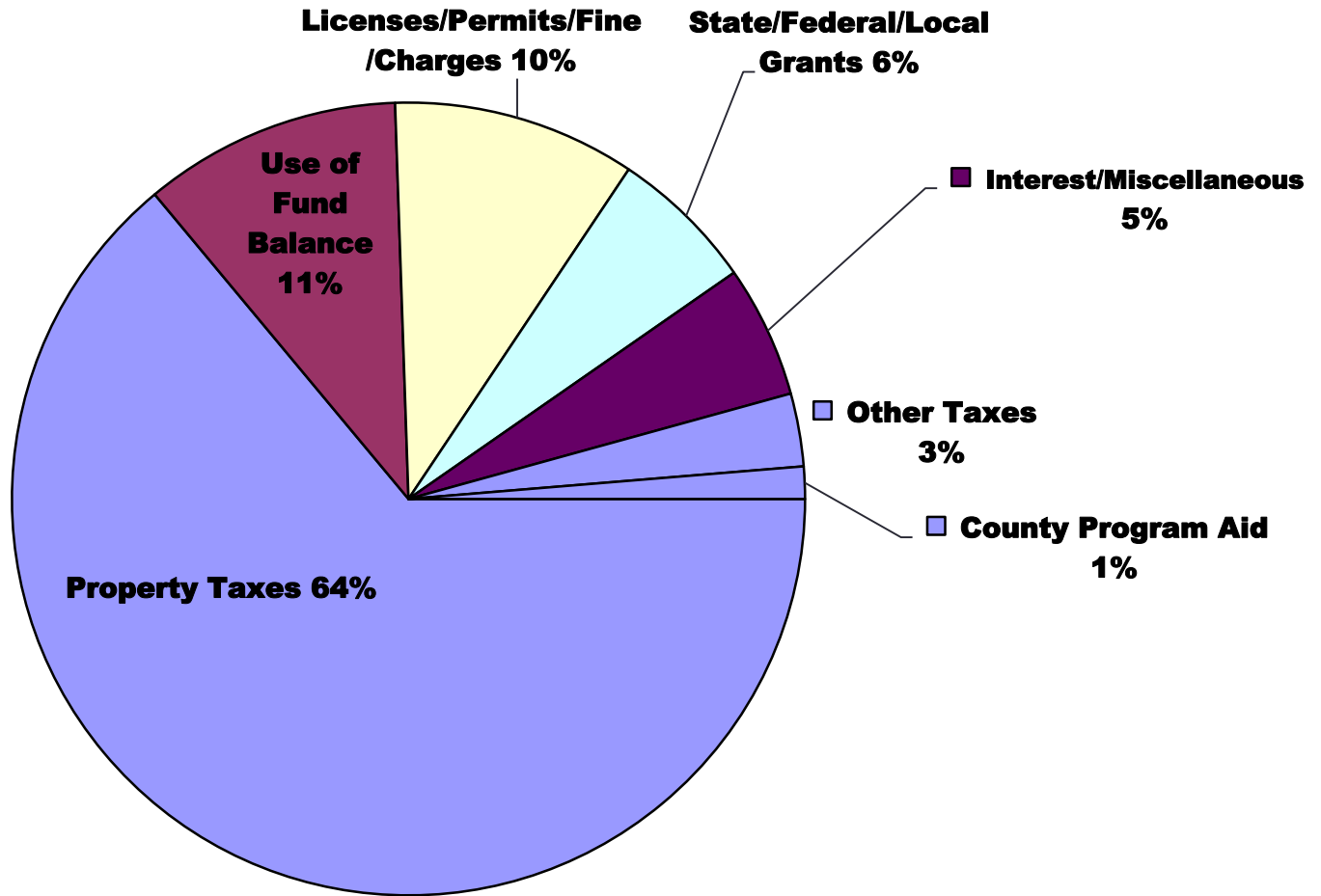
COUNTY PROGRAM AID

- In 2002, County Program Aid (CPA) accounted for 7% of the operating revenue for the County, while property taxes accounted for 38% of the revenue.
- In 2005, CPA accounted for 4% of the operating revenue for the County, while property taxes accounted for 52% of the revenue
- In 2009, CPA accounted for 2% of the operating revenue for the County, while property taxes accounted for 42% of the revenue
- 2015's CPA will be cut by about \$116,000 (32%), the equivalent of a 1% levy increase
- Since 2002, the County has lost just over \$900,000 in CPA

PROPOSED GENERAL FUND REVENUES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Property Taxes	\$5,145,702	\$5,236,677	1.8%
Other Taxes/Ass.	\$216,500	\$243,500	12.5%
License & Permits	\$23,380	\$24,380	4.3%
State/Federal Grants	\$292,841	\$308,807	5.5%
Local Grants	\$178,868	\$178,868	0.0%
County Aid	\$164,484	\$107,493	-34.6%
Charges for Service	\$779,840	\$754,275	-3.3%
Fines & Forfeits	\$36,120	\$33,100	-8.4%
Interest	\$200,250	\$200,250	0.0%
Misc./Other Revenue	\$215,125	\$240,949	12.0%
Use of Fund Balance	\$669,525	\$860,905	28.6%
Total General	\$7,922,635	\$8,189,204	3.4%

2015 GENERAL FUND BUDGET - REVENUES



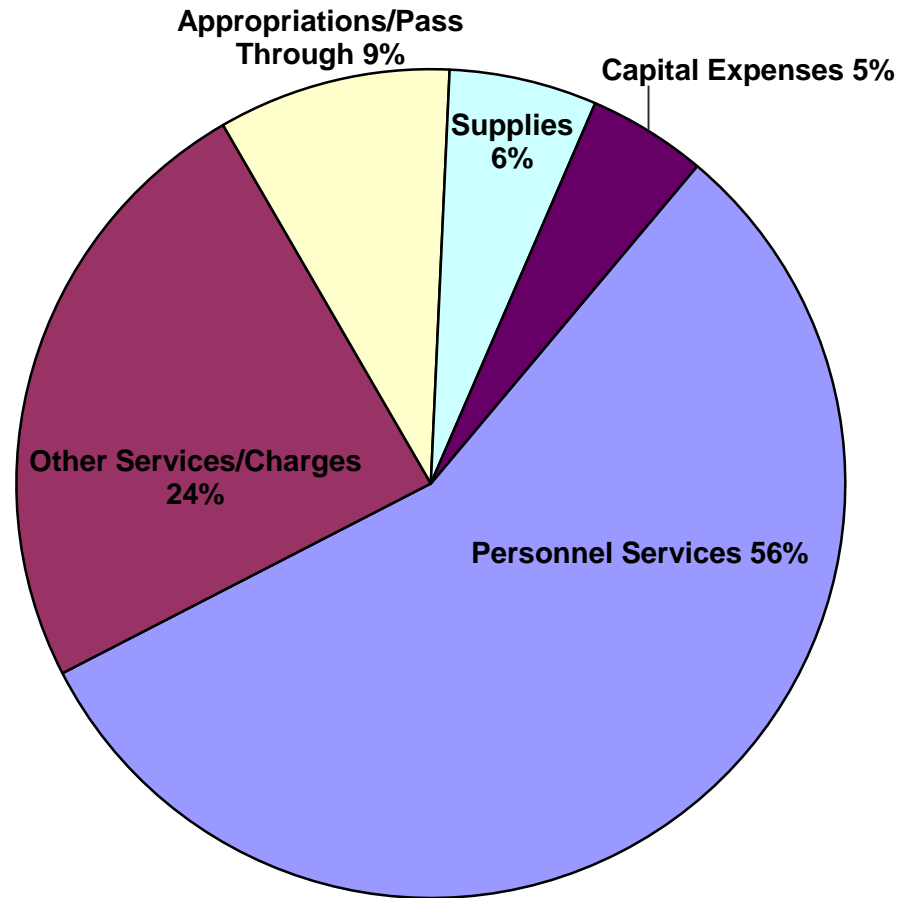
ADDITIONAL FACTS ON GENERAL FUND REVENUE

- 64%** -- Property taxes account for 64% of the revenue in the general fund, about the same as 65% in 2014.
- 1%** -- County Program Aid accounts for 1% of the revenue in the general fund; down from 2% in 2014.
- 11%** -- The 2015 General Fund budget uses fund balances to help balance the budget. This accounts for 11% of General Fund Revenues. This is up from 8% in the 2014 budget.
- \$860,905** – The County is using this amount of reserves to balance the general fund in 2015. 2014's amount was \$669,525. A reduction in expenses or an increase in property taxes by an additional 7.4% would be needed to make this up
- Property Taxes are the biggest supporters of the General Fund

PROPOSED GENERAL FUND EXPENSES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Personnel Services	\$4,224,668	\$4,612,183	9.2%
Other Services/Charges	\$1,970,852	\$1,982,322	0.6%
Supplies	\$474,243	\$472,650	-0.3%
Capital Expenses	\$354,943	\$378,043	6.5%
<u>Approp./Pass Through</u>	<u>\$897,929</u>	<u>\$744,006</u>	<u>-17.1%</u>
Total General	\$7,922,635	\$8,189,204	3.4%

2015 GENERAL FUND BUDGET - EXPENSES



ADDITIONAL FACTS ON GENERAL FUND EXPENSES

The General Fund consists of the major day-to-day functions of County Government (Administration, Finance, Public Safety, Land Management, etc.)

56% -- Personnel costs account for 56% of the expenses in the general fund, up from 53% in 2014.

4% -- Market rate wage adjustment accounting for much of the increase in personnel costs.

27-- There are 27 pay periods in 2015, compared to 26 in 2014. One pay period costs the County roughly \$350,000

5% -- Capital costs account for 5% of the expenses in the general fund, about the same as last year

\$538 – Amount the County will spend, per capita, for General Fund Needs, up from \$520 in 2014

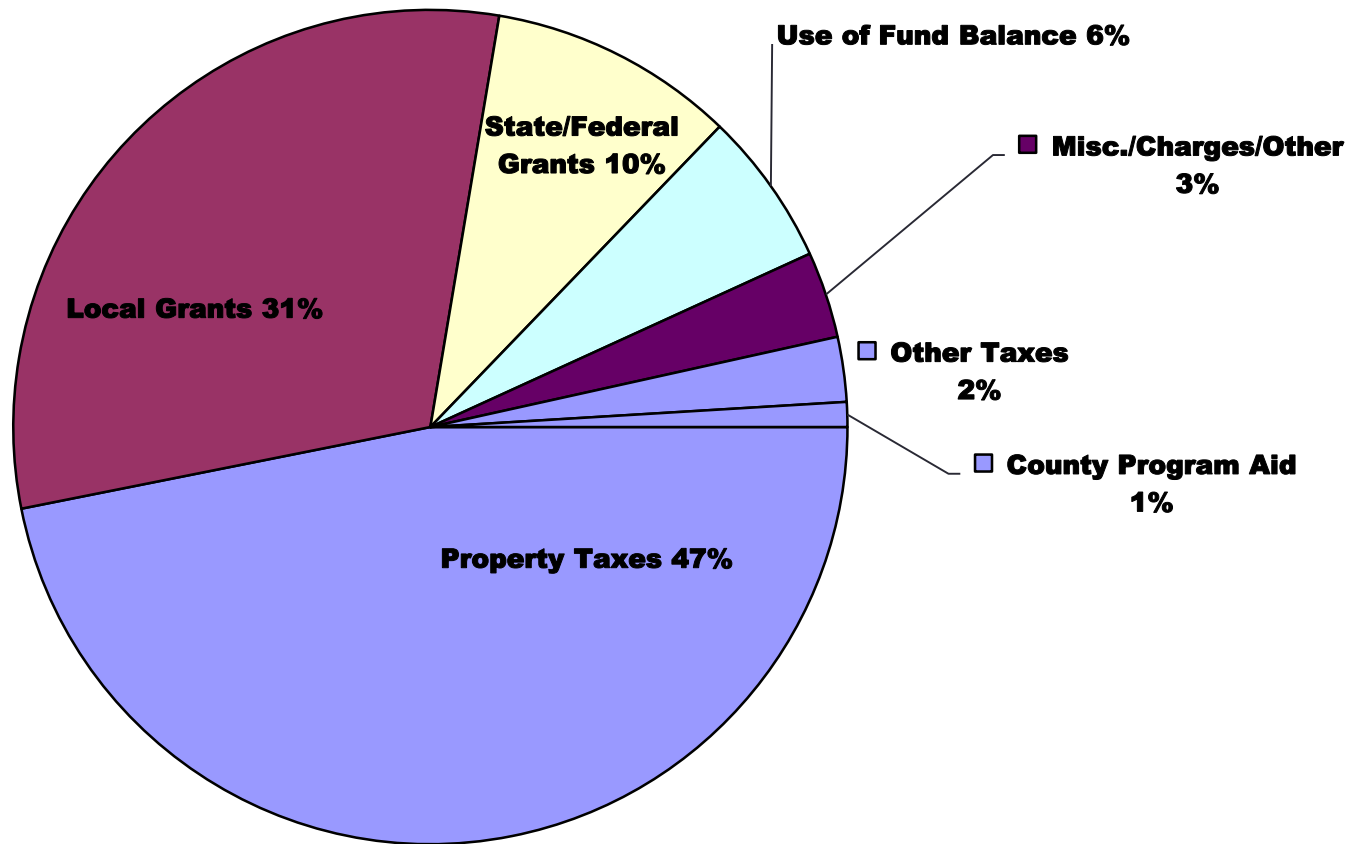
2015 PROPOSED BUDGET

**PROPOSED PUBLIC WORKS FUND
BUDGET**

PROPOSED PUBLIC WORKS REVENUES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Property Taxes	\$4,135,398	\$4,550,680	10.0%
Other Taxes	\$94,000	\$244,000	159.6%
State/Federal Grants	\$2,079,578	\$928,110	-55.4%
Local Grants	\$2,595,133	\$2,988,744	15.2%
County Aid	\$132,189	\$93,411	-29.3%
Charges for Service	\$88,611	\$72,575	-3.3%
Misc./Other Revenue	\$110,206	\$202,417	83.7%
Transfer from Other	\$1,286,801	\$49,872	-96.1%
<u>Use of Fund Balance</u>	<u>\$1,178,000</u>	<u>\$580,829</u>	<u>-50.7%</u>
Total Public Works	\$11,699,916	\$9,710,638	-17.0%

2015 PUBLIC WORKS BUDGET - REVENUES



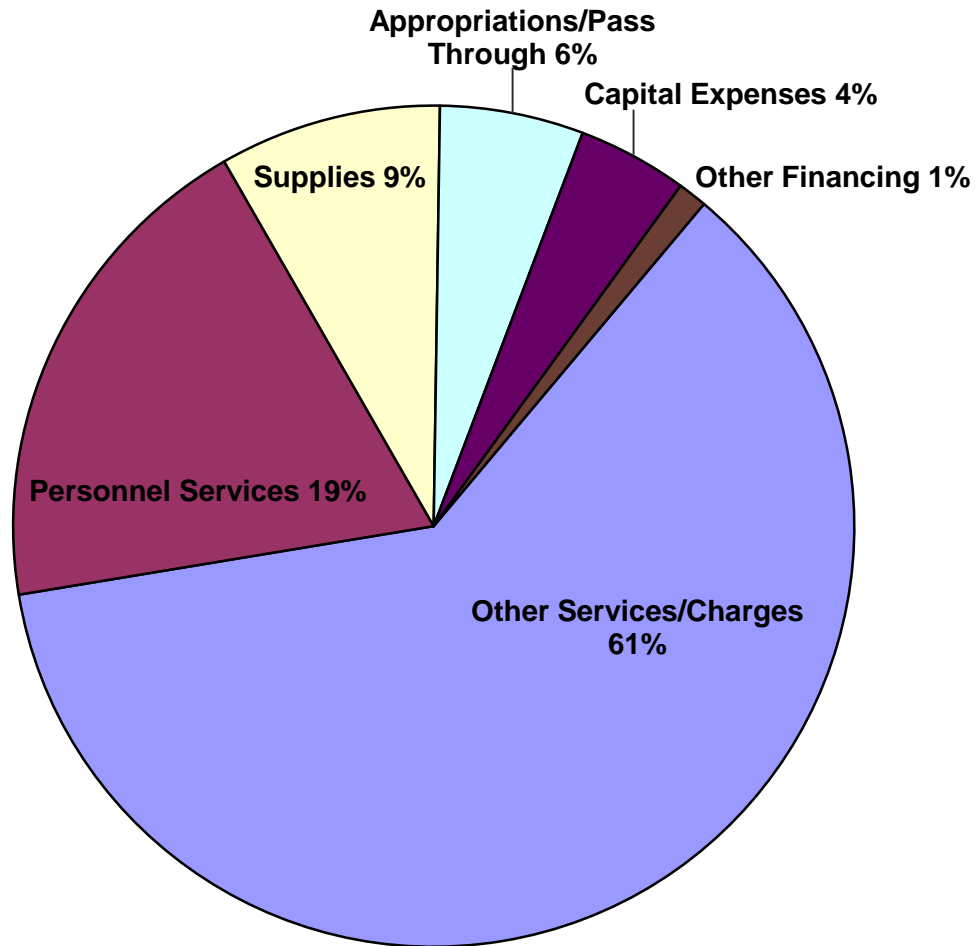
ADDITIONAL FACTS ON PUBLIC WORKS REVENUE

- 47%** -- Property taxes account for 47% of the revenue in the public works fund, significantly up from 35% in 2014.
- 1%** -- County Program Aid accounts for 1% of the revenue in the public works fund; about the same as in 2014.
- 41%** -- Grants help fund the public works fund. This is roughly the same as the 40% they funded in 2014.
- 6%** -- The 2015 Public Works Fund budget uses fund balances to help balance the budget. This accounts for 6% of public works fund revenues. This is down from 10% in the 2014 budget.
- \$150,000** – Wheelage Tax included in the 2015 budget.
- \$580,829** – The County is using this amount of reserves to balance the public works fund in 2015. 2014's amount was \$1,178,000. A reduction in expenses or an increase in property taxes by an additional 5.0% would be needed to make this up

PROPOSED PUBLIC WORKS EXPENSES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Personnel Services	\$1,700,522	\$1,874,952	10.3%
Other Services/Charges	\$7,079,242	\$5,950,690	-15.9%
Supplies	\$805,633	\$829,060	2.9%
Capital Expenses	\$538,300	\$410,500	-23.7%
Other Financing Uses	\$101,000	\$108,872	7.8%
<u>Approp./Pass Through</u>	<u>\$1,475,219</u>	<u>\$536,564</u>	<u>-63.6%</u>
Total Public Works	\$11,699,916	\$9,710,638	-17.0%

2015 PUBLIC WORKS BUDGET - EXPENSES



ADDITIONAL FACTS ON PUBLIC WORKS EXPENSES

The Public Works Fund consists of Highway Maintenance, GIS, Road & Bridges, Engineering, PW Buildings & Equipment, and the Gravel Pit.

19% -- Personnel costs account for 19% of the expenses in the public works fund, up from 14% in 2014.

4% -- Market rate wage adjustment accounting for much of the increase in personnel costs.

27-- There are 27 pay periods in 2015, compared to 26 in 2014. One pay period costs the County roughly \$350,000

17% -- Overall public works costs will be decreased by 17% from 2014. Most of these cuts are in major capital expenses (bridges, roads, trails, etc.)

\$638 – Amount the County will spend, per capita, for Public Works Needs, down from \$768 in 2014

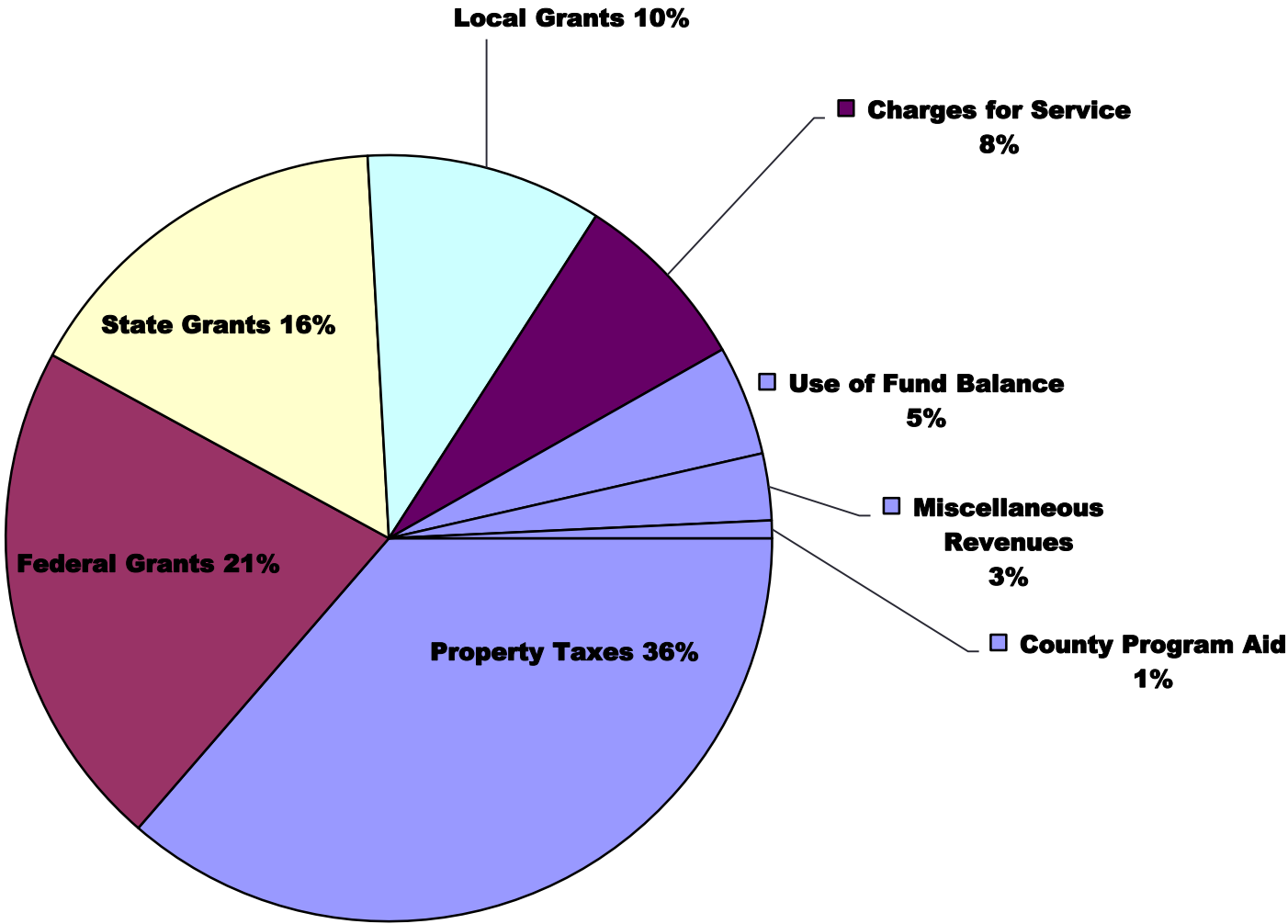
2015 PROPOSED BUDGET

**PROPOSED PUBLIC HEALTH & HUMAN
SERVICE FUND BUDGET**

PROPOSED PH/HS FUND REVENUES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Property Taxes	\$2,159,198	\$2,386,238	10.5%
Federal Grants	\$1,372,115	\$1,417,452	3.3%
Local Grants	\$624,049	\$655,125	5.0%
County Aid	\$69,020	\$48,982	-29.0%
State Grants	\$1,053,813	\$1,061,990	0.8%
Charges for Service	\$545,400	\$506,062	-7.2%
Misc. Revenue	\$195,702	\$184,911	-5.5%
Use of Fund Balance	\$243,382	\$304,569	25.1%
Total PH/HS	\$6,262,679	\$6,565,329	4.8%

2015 PH/HS FUND BUDGET - REVENUES



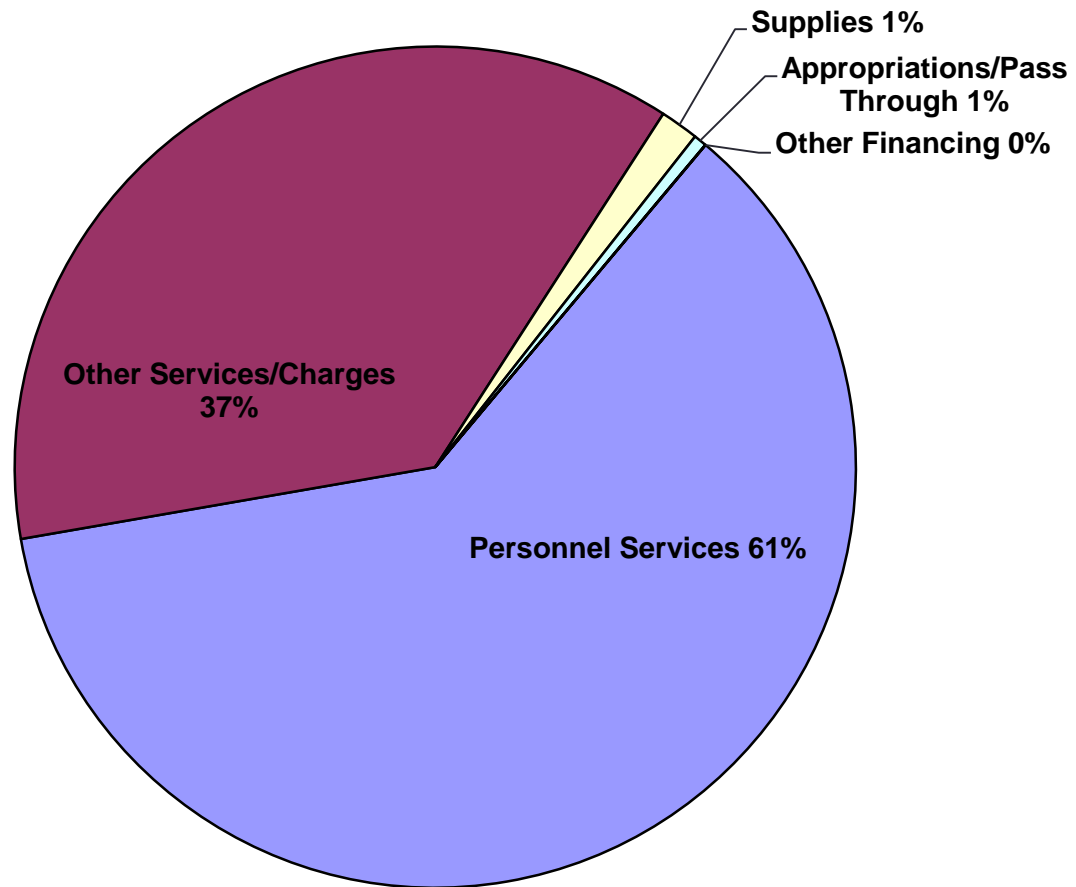
ADDITIONAL FACTS ON PH/HS FUND REVENUE

- 36%** -- Property taxes account for 36% of the revenue in the PH/HS fund, slightly up from 34% in 2014.
- 48%** -- Grants are the greatest revenue source that helps to fund the PH/HS fund. This is roughly the same as the 49% they funded in 2014.
- 1%** -- County Program Aid accounts for less than 1% of the revenue in the PH/HS fund; it was just over 1% in 2014.
- 5%** -- The 2015 PH/HS Fund budget uses fund balances to help balance the budget. This accounts for 5% of PH/HS fund revenues. This is up from 4% in the 2014 budget.
- \$304,569** – The County is using this amount of reserves to balance the PH/HS fund in 2015. 2014's amount was \$243,382. A reduction in expenses or an increase in property taxes by an additional 2.1% would be needed to make this up

PROPOSED PH/HS FUND EXPENSES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Personnel Services	\$3,723,430	\$4,014,942	7.8%
Other Services/Charges	\$2,404,842	\$2,419,530	0.6%
Supplies	\$99,707	\$97,157	-2.6%
Other Financing Uses	\$0	\$720	100.0%
<u>Approp./Pass Through</u>	<u>\$34,700</u>	<u>\$32,980</u>	<u>-5.0%</u>
Total PH/HS	\$6,262,679	\$6,565,329	4.8%

2015 PH/HS FUND BUDGET - EXPENSES



ADDITIONAL FACTS ON PH/HS FUND EXPENSES

The PH/HS Fund consists of expenses associated with Public Health and Human Services

61% -- Personnel costs account for 61% of the expenses in the PH/HS fund, up from 59% in 2014.

4% -- Market rate wage adjustment accounting for much of the increase in personnel costs. The County is also experiencing additional costs with the need to hire additional employees to account for the requirements of the ACA

27-- There are 27 pay periods in 2015, compared to 26 in 2014. One pay period costs the County roughly \$350,000

\$431 – Amount the County will spend, per capita, for PH/HS Needs, up from \$411 in 2014

2015 PROPOSED BUDGET

**PROPOSED DEBT SERVICE FUND
BUDGET**

PROPOSED DEBT SERVICE FUND REVENUES AND EXPENSES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Property Taxes	\$248,840	\$100,000	-59.8%
<u>Use of Fund Balance</u>	<u>\$0</u>	<u>\$147,910</u>	<u>100.0%</u>
Total Revenues	\$248,840	\$247,910	-0.4%
	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Other Charges	\$14,817	\$14,768	-0.3%
<u>Debt Payment</u>	<u>\$234,023</u>	<u>\$233,142</u>	<u>-0.4%</u>
Total Expenses	\$248,840	\$247,910	-0.4%

ADDITIONAL FACTS ON THE DEBT SERVICE FUND

The Debt Service Fund consists of one (1) debt obligation

\$1.64 Million – Current Debt Obligation

3/1/2021 – Last Debt Payment Service Due

\$1 million – Current Debt Service Fund balance is over \$1 million.

\$16.28 – Amount the County will spend, per capita, for Debt Service Needs, down from \$16.31 in 2014

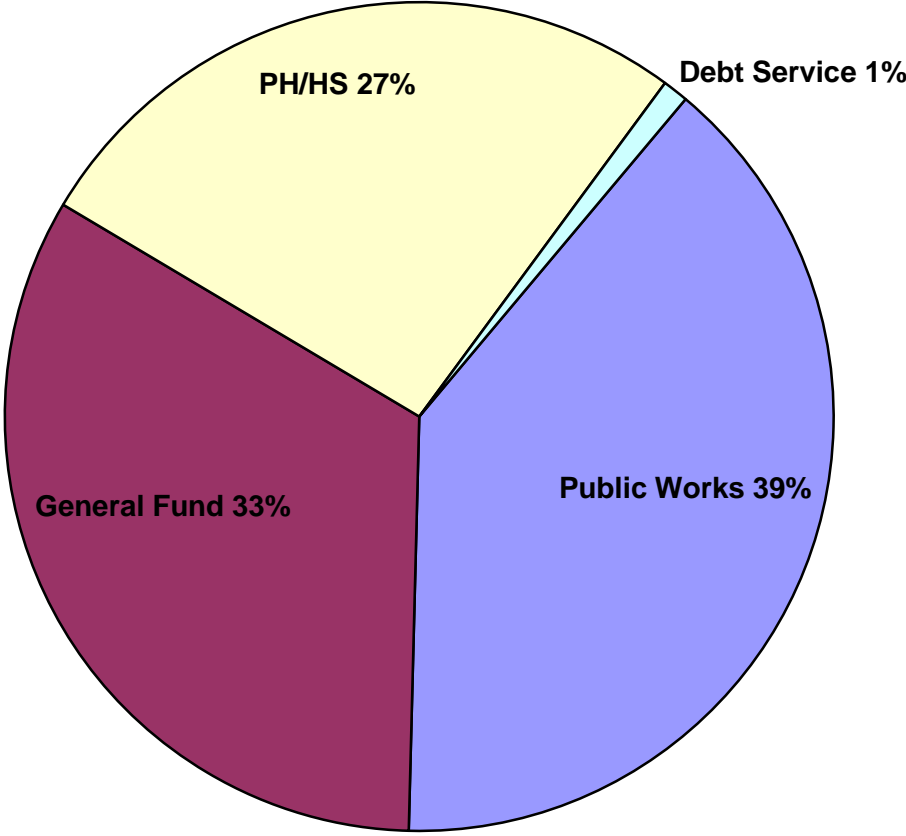
2015 PROPOSED BUDGET

**IN CONCLUSION
(ALL FUND REVIEW)**

2015 PROPOSED BUDGET – ALL COUNTY FUNDS

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
General Fund	\$7,922,635	\$8,189,204	3.4%
Public Works Fund	\$11,699,916	\$9,710,638	-17.0%
PH/HS Fund	\$6,262,679	\$6,565,329	4.8%
Debt Service Fund	\$248,840	\$247,910	-0.4%
TOTAL BUDGET	\$26,134,070	\$24,713,081	-5.4%

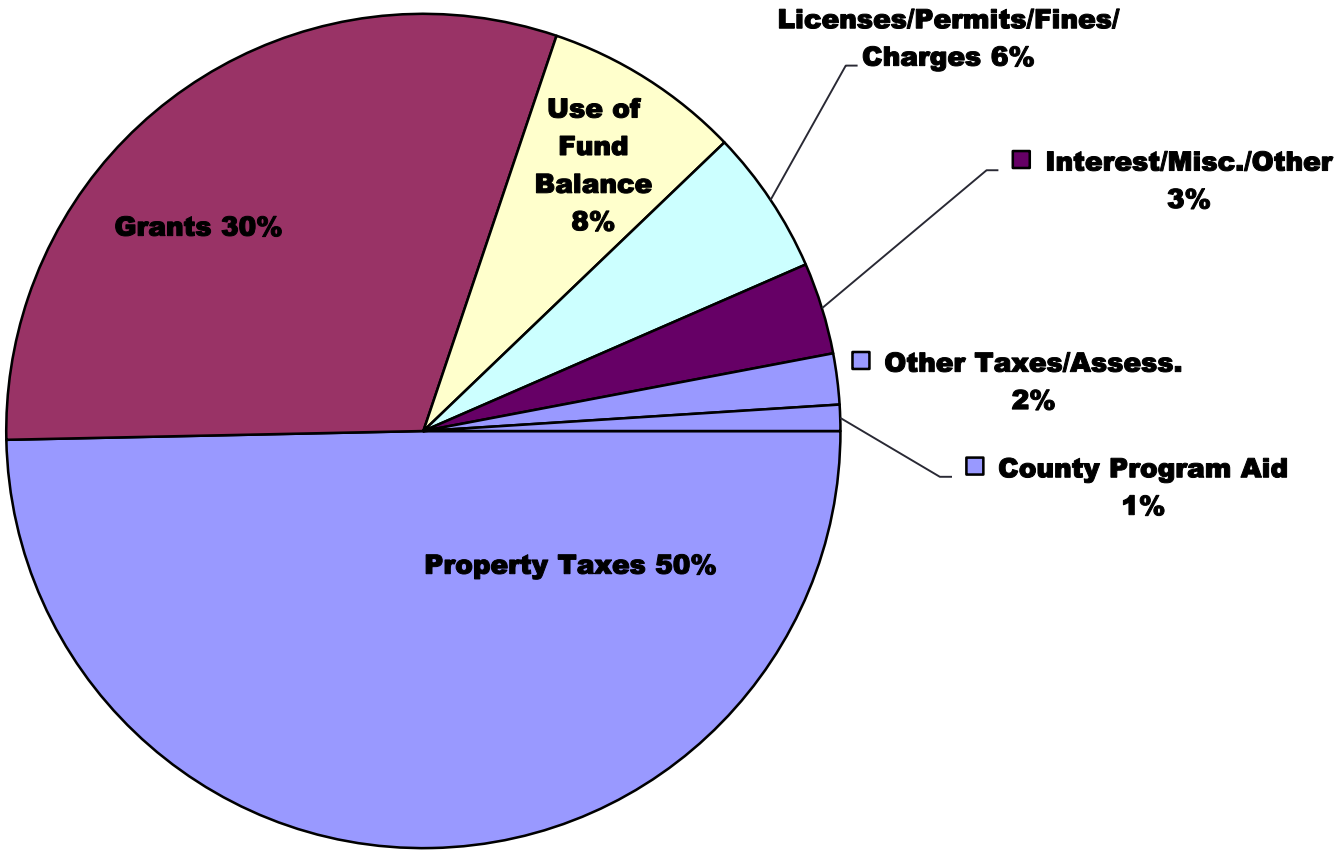
2015 PROPOSED BUDGET – ALL COUNTY FUNDS



2015 PROPOSED BUDGET – ALL FUND REVENUES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Property Taxes	\$11,689,138	\$12,273,595	5.0%
Other Taxes	\$176,500	\$353,500	100.3%
Special Assess.	\$134,000	\$134,000	0.0%
Licenses & Permits	\$23,380	\$24,380	4.3%
Grants	\$8,196,397	\$7,539,096	-8.0%
County Aid	\$365,693	\$249,886	-31.7%
Charges for Service	\$1,413,851	\$1,332,912	-5.7%
Fines & Forfeits	\$36,120	\$33,100	-8.4%
Interest	\$200,250	\$200,250	0.0%
Misc./Other Revenue	\$521,033	\$628,277	20.6%
Transfers from Other	\$1,286,801	\$49,872	-96.1%
Use of Fund Balance	\$2,090,907	\$1,894,213	-9.4%
Total Funds	\$26,134,070	\$24,713,081	-5.4%

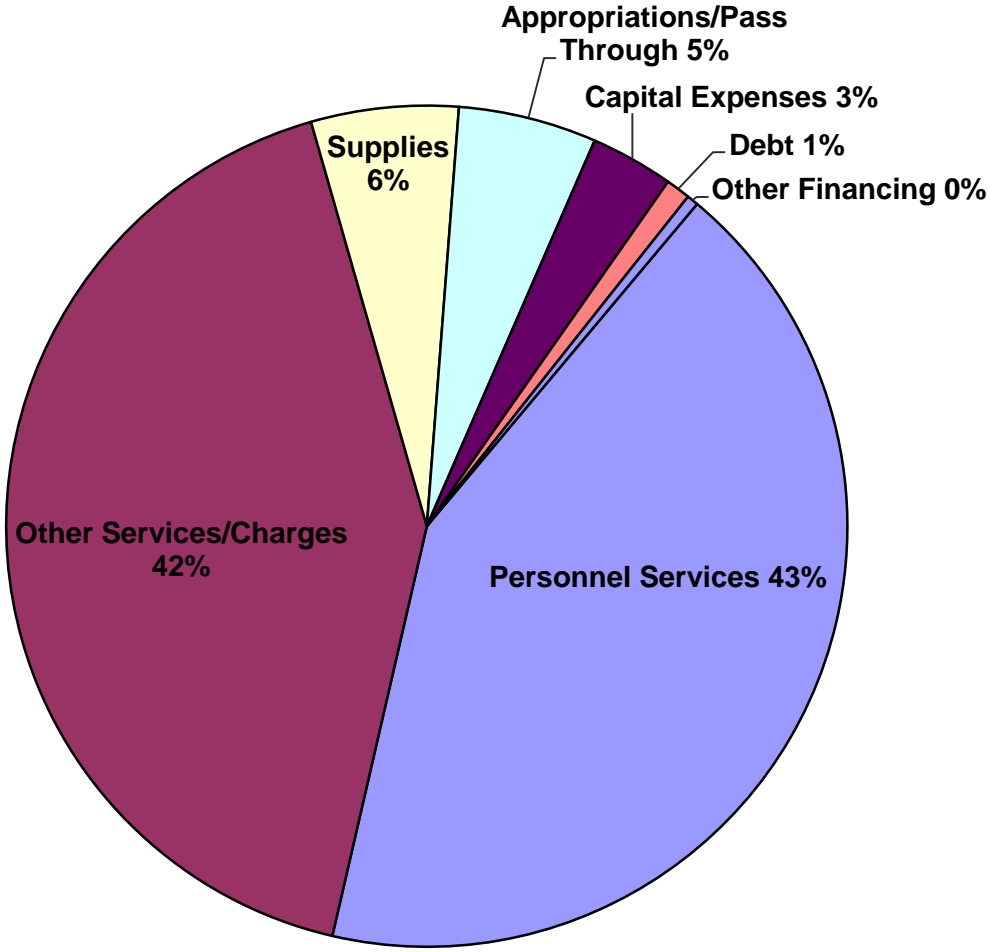
2015 PROPOSED BUDGET – ALL FUND REVENUES



2015 PROPOSED BUDGET – ALL FUND EXPENSES

	<u>2014</u>	<u>2015</u>	<u>Increase</u>
Personnel Services	\$9,648,620	\$10,502,077	8.8%
Other Services/Charges	\$11,469,753	\$10,367,310	-9.6%
Supplies	\$1,379,583	\$1,398,867	1.4%
Capital Expenses	\$893,243	\$788,543	-11.7%
Approp./Pass Through	\$2,407,848	\$1,313,550	-45.4%
Debt	\$234,023	\$233,142	-0.4%
Other Financing	\$101,000	\$109,592	8.5%
Total Funds	\$26,134,070	\$24,713,081	-5.4%

2015 PROPOSED BUDGET – ALL FUND EXPENSES



ADDITIONAL FACTS ON THE 2015 PROPOSED BUDGET

- Total Budgeted Revenues and Expenses will decrease by 5.4% in 2015 even with a 5% tax levy increase
 - Property Taxes are the greatest revenue source accounting for 50% of the County's budgeted revenues
 - The 2015 Budget includes \$150,000 in revenue for the Wheelage Tax
 - The 2015 Budget includes a reduction in grant dollars in the amount of \$657,301 and a reduction in LGA in the amount of \$115,807
 - The 2015 Budget is balanced with \$1,894,213 in fund balance reserves. That amount is the equivalent to an additional 16.2% levy tax increase
- The County will spend \$1,623 per person in 2015, down from \$1,716 in 2014.
 - Personnel Costs are the greatest County expenditure accounting for 43% of the budgeted expenditures
 - Personnel Costs are expected to increase by \$853,457 (8.8%) in 2015, the only significant increase in County expenditures in 2015.

COUNTY CONCERNS AND FUTURE ISSUES

- Tax Base remains stagnate – Need more Growth at all levels
- Values are going up, but tax base is not expanding – Some Growth is coming (Heartland, UFC, etc.)
- State Budget Forecast Projects a \$1.037 Billion Surplus for Next Biennium
- County Program Aid is no longer a significant revenue source
- Work on a more in-depth Capital Improvement Plan is in the works and is needed for long-term stability
- County Board will have to work on identifying project-specific uses of the Wheelage Tax
- The County's fiscal condition is currently healthy – high fund balances

NEXT STEPS

- **TONIGHT:**
 - Review of Fee Schedule
 - Questions/Comments from Board Members
 - Questions/Comments from the Public
 - Close Public Hearing or Continue
- **FUTURE:**
 - WEDNESDAY, DEC. 10: Continuation of Truth-in-Taxation Hearing (If Necessary)
 - TUESDAY, DEC. 23: Authorize Final Budget and Tax Levy

THANK YOU!