

Final 2014 Levy & Annual Budget

December 4th, 2013

**Bruce Messelt
County Administrator**





TNT Presentation – 2014 Budget

What is the Purpose of Tonight's Hearing?

“Truth in Taxation” (TNT) is a process which the legislature enacted in 1988 to enhance public participation in Minnesota’s property tax system.

The main purpose of TNT is:

- To present a draft **Final 2014 Levy & Annual Budget** for County Board and Community Consideration;
- To educate the Community on the County Budgeting Process;
- To assist the Community in understanding the County’s budget process and aid local officials in setting spending priorities; and
- To further refine the **Final 2014 Levy & Annual Budget** prior to the December 25th deadline.



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TNT Presentation Outline

- I. 2014 Levy & Budget Context
- II. Draft *Final* 2014 Budget Overview
- III. Programmatic/Departmental Considerations
- IV. Draft *Final* 2014 County Tax Levy
- V. Property Tax & Taxpayer Information

*County Reserves, 2014-18 CIP, and CPA Utilization
Discussion – Dec 18th*



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I. 2014 Levy & Budget Context



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County Financing Basics

- **Where does the County get its Money?**
 - Property Taxes
 - State Aids & Earnings
 - Grants (Federal, State, other)
 - Charges for Services
 - *Wheelage Tax*
- **Who Determines Budget Priorities?**
 - Federal Mandates
 - State Laws/Mandates
 - Agreements or Specific Program Requirements
 - County Board
 - Designated Agents



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Who Receives Your Tax Dollars?

	Income Taxes	Sales Taxes ¹	Property Taxes	Wheelage Tax
Federal Gov't	\$			
State Gov't	\$	\$	\$	
County Gov't		<i>Local Option – Road Projects ²</i>	\$	<i>Local Option – Roads & Transit ³</i>
School District			\$	
City/Township			\$	Local Option ⁴

1. The State Legislature may authorize local sales tax (with or without direct approval of citizens)
2. County Local Option Sales Tax of up to ½ of 1% for Road Construction Project(s) (2013 Session Law - Chapter 117 Article 3)
3. County Wheelage Tax Option of \$10 per qualified vehicle for Roads & Transit (2013 Session Law - Chapter 117 Article 3)
4. Existing City Wheelage Tax option (MSS § 426.05)



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County Financial Report Card

- Unmodified 2012 Audit Opinion - State Auditor
- Strong Financial Policies (updated 2011)
- Acceptable Fund Balances (2 of 3 Funds)
- Annual Budgeting Process
 - Operating and Capital Improvement Budgeting
 - Review of Charges/Fee for Services
- Re-affirmed County Bond Rating (AA2 – Moody's)



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Long-Term Fiscal Challenges:

Fiscal Challenges

- Flat Tax Base
- **Future State Budget**
- Changing Needs
 - Aging Population
 - Economic Stress
- Rising Costs
 - Fuel, Supplies
 - Personnel/Health Care
- Aging Infrastructure

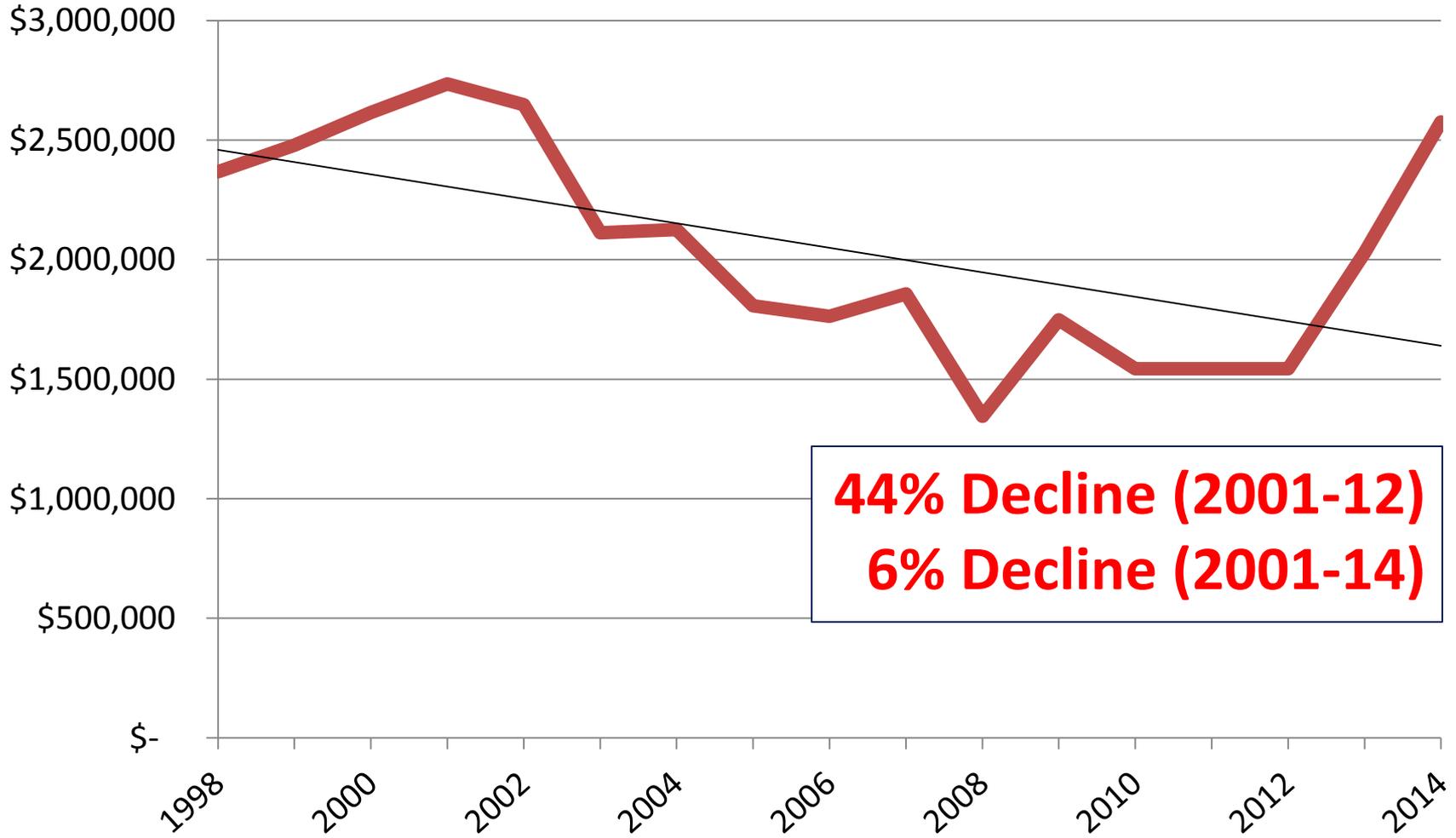
County Response?

- Program Changes
- **Personnel Reductions**
- Spend-down Reserves
- Deferred Activities
 - Programs/Staffing
 - Maintenance
 - Capital Projects
- Innovate/Collaborate



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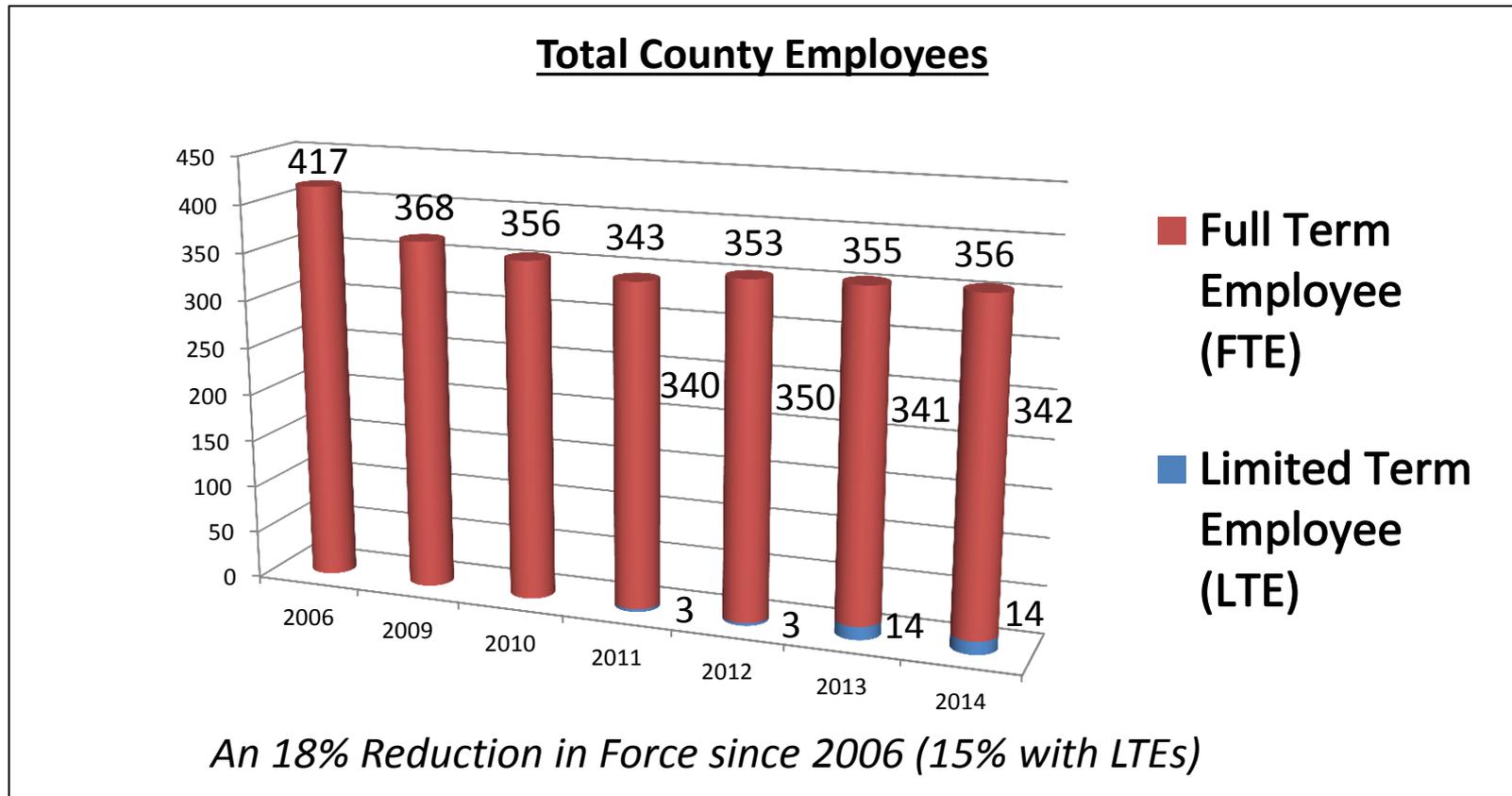
HACA/County Program Aid





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County Staffing Reductions (2006 – 2014)





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II. Draft *Final* 2014 Budget Overview



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Final 2014 County Budget

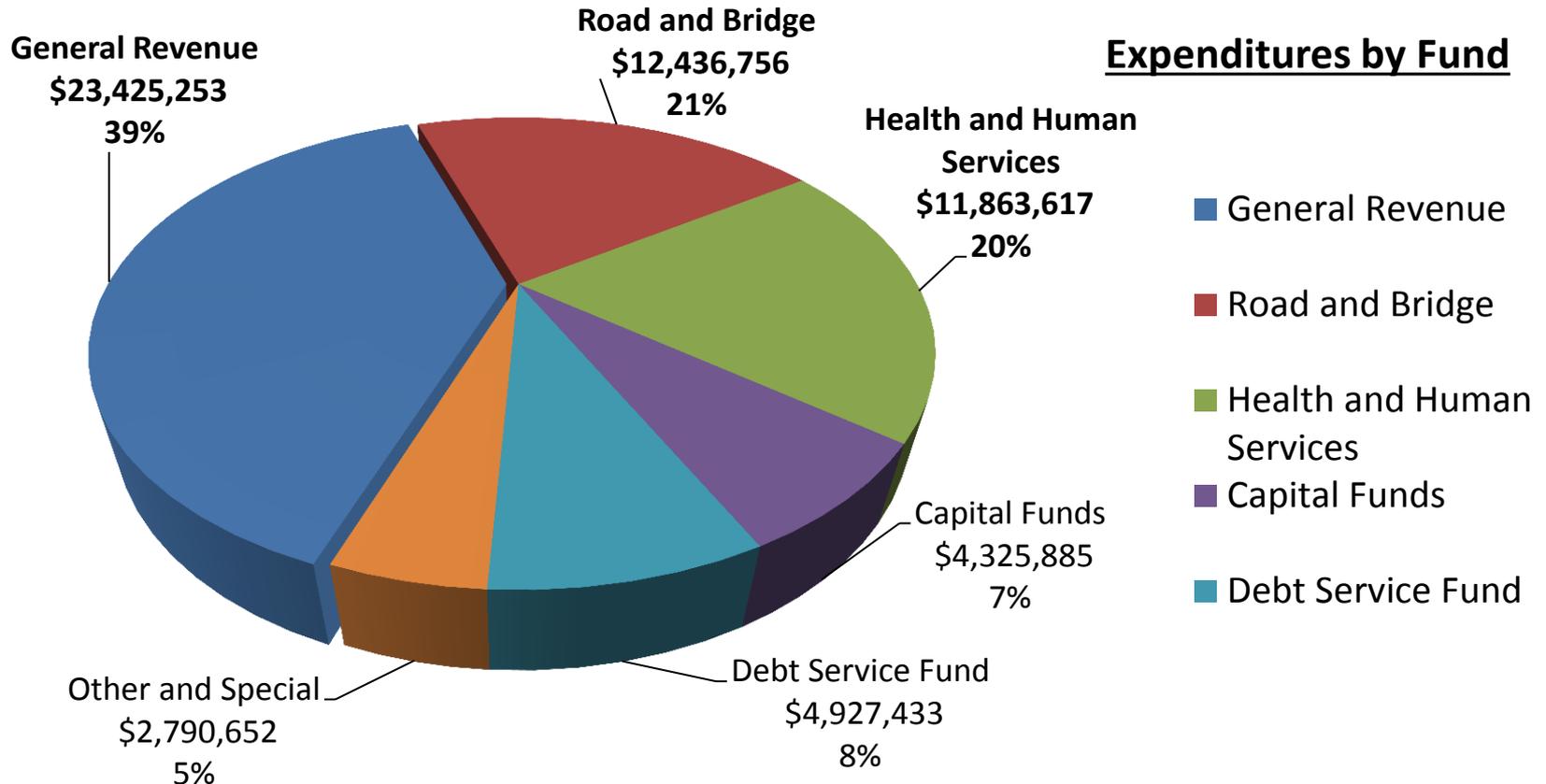
- **\$ 59.8 Million Balanced Budget**
 - Consolidated all financial activities (includes all CPA/CIP)
 - Limited Use of Reserves & Non-Levy Revenues (fees)
- **\$50,000 Property Tax Levy Decrease**
 - 2 Years Levy Decrease/5 Years without Levy Increase
- **Addressing Major Funding Concerns**
 - Needed Infrastructure Projects - *County Roads*
 - Ongoing Operations – *Public Health, Public Safety, Public Works*
 - Needed Facility Improvements – *Government Center*



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Final 2014 County Budget

Expenditures by Fund

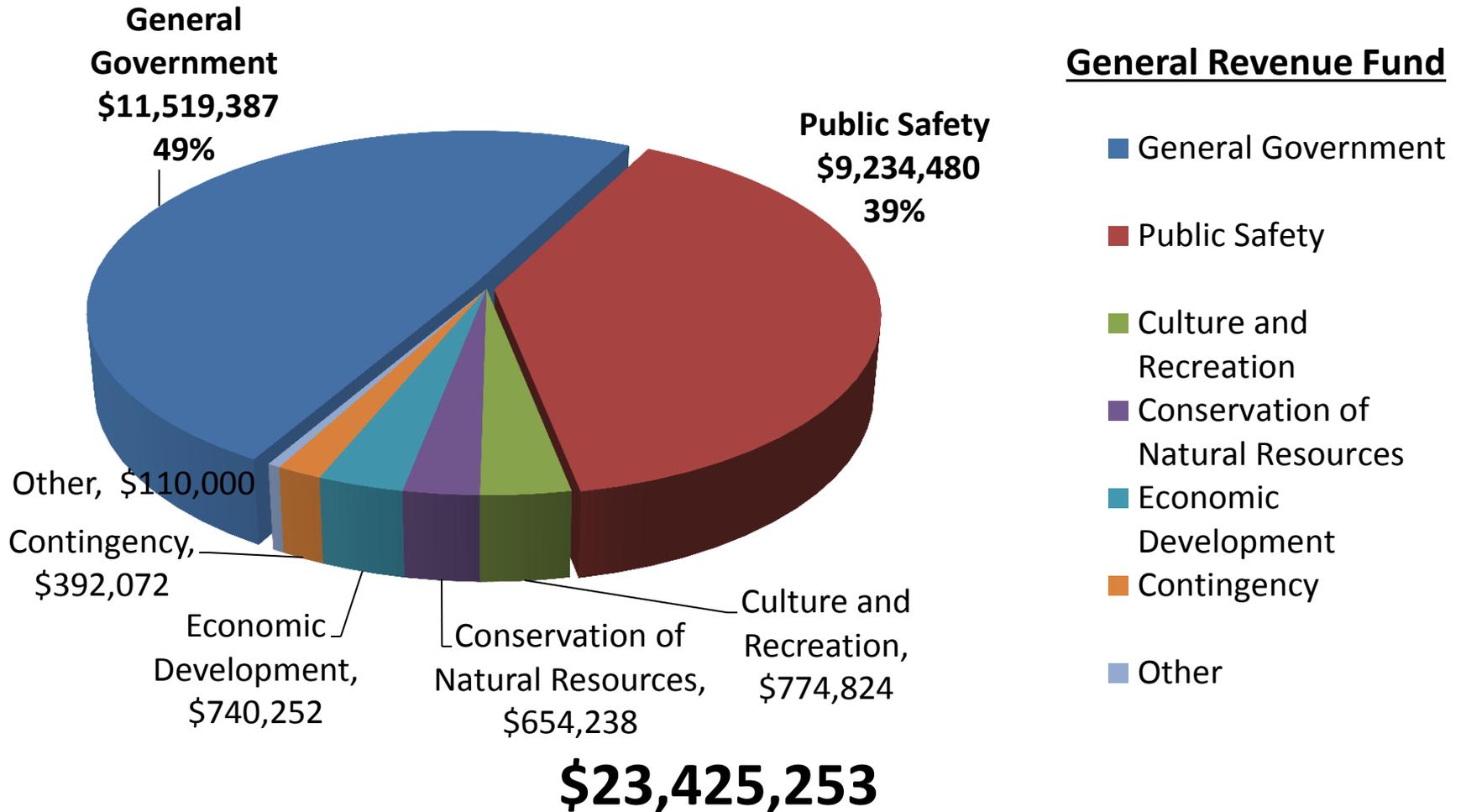


\$ 59.8 Million



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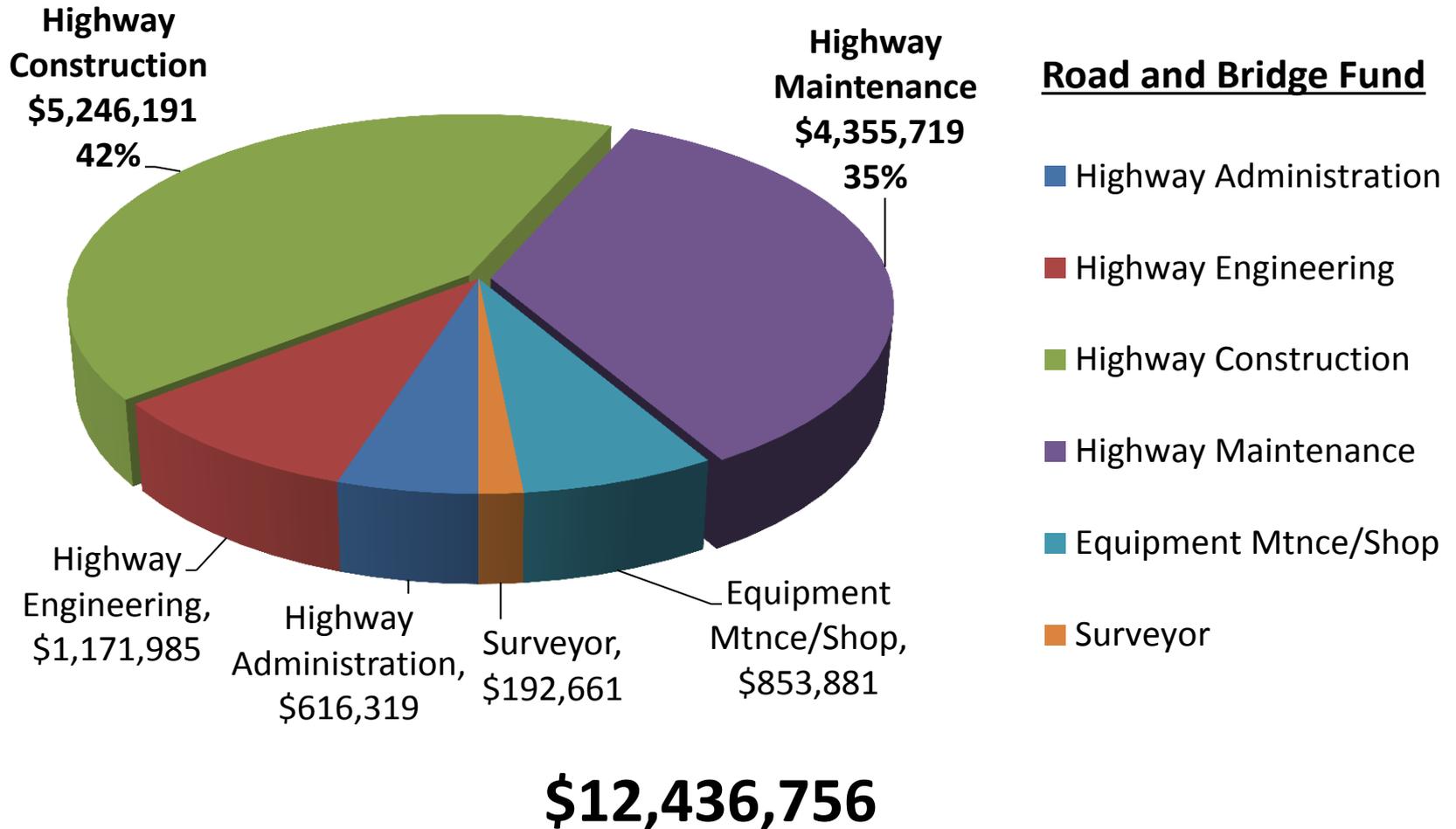
Final 2014 County Budget





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Final 2014 County Budget





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Final 2014 County Budget

Health and Human Services Fund

Human Services-
Income
Maintenance

\$3,168,014
27%

Nursing
\$1,620,255
14%

Veterans Service
\$176,138
1%

Human Services-
Social Services
\$6,899,210
58%

- Human Services-Social Services
- Veterans Service
- Nursing
- Human Services-Income Maintenance

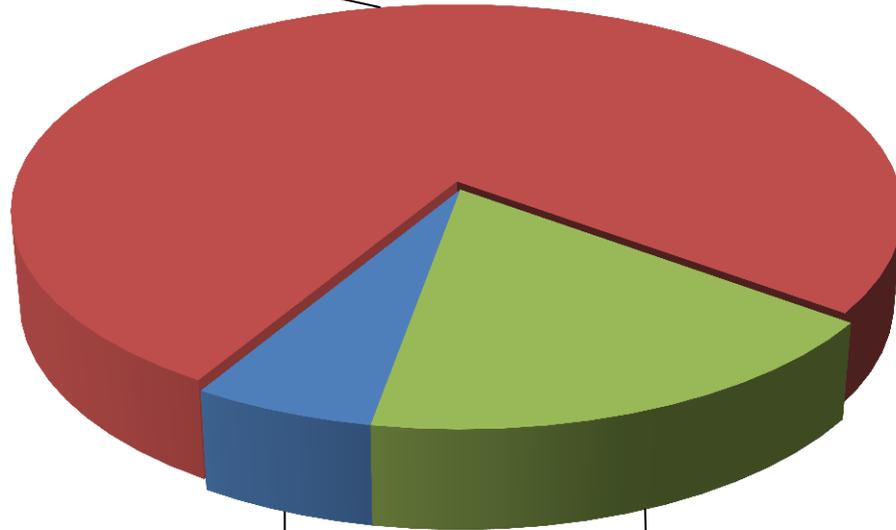
\$ 11,863,617



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Final 2014 County Budget

Capital Equipment
Fund, \$3,312,385



Building Fund,
\$250,000

County Capital
Projects,
\$763,500

Capital Fund

■ Building Fund

■ Capital
Equipment Fund

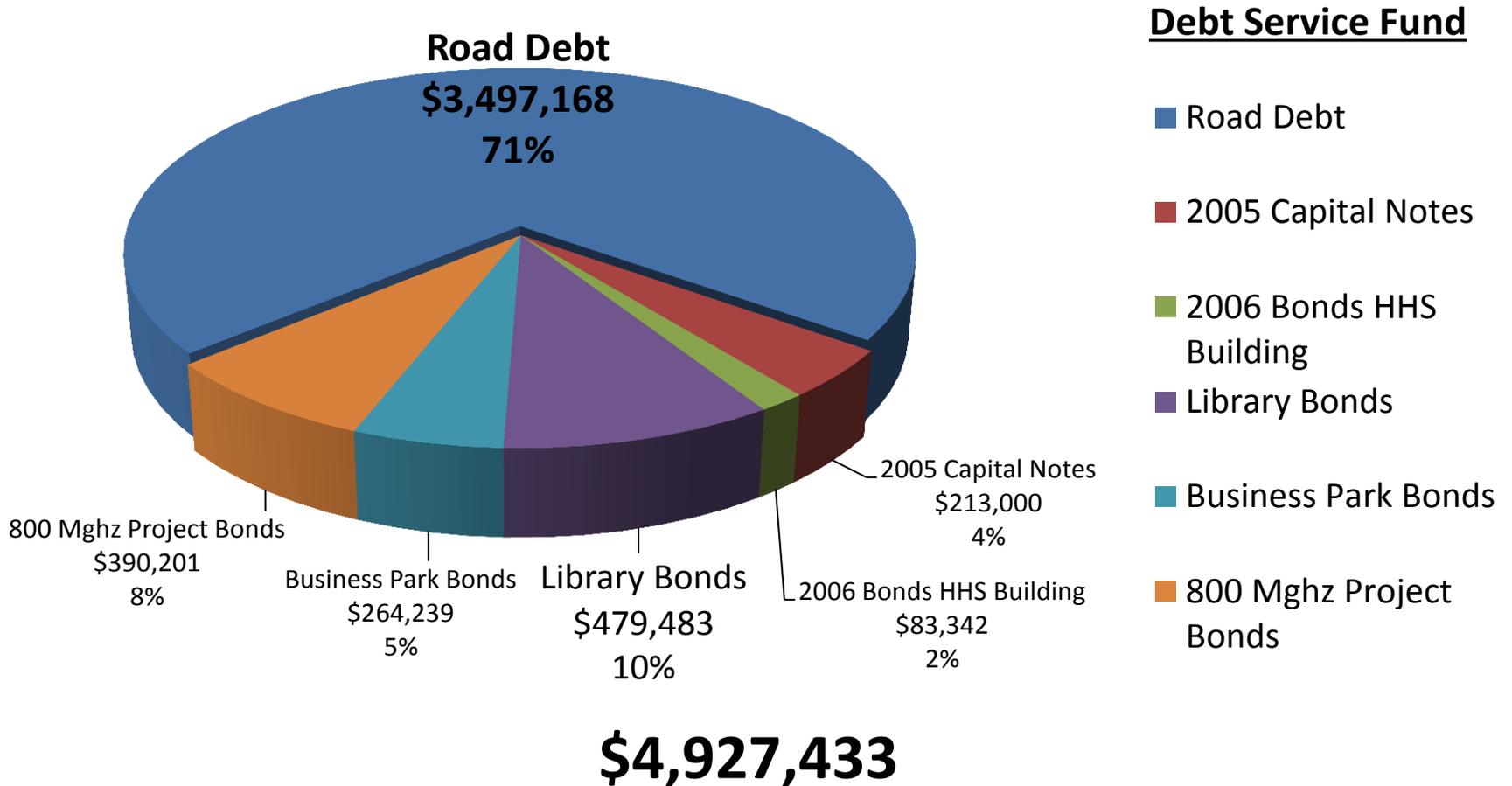
■ County Capital
Projects

\$4,325,885



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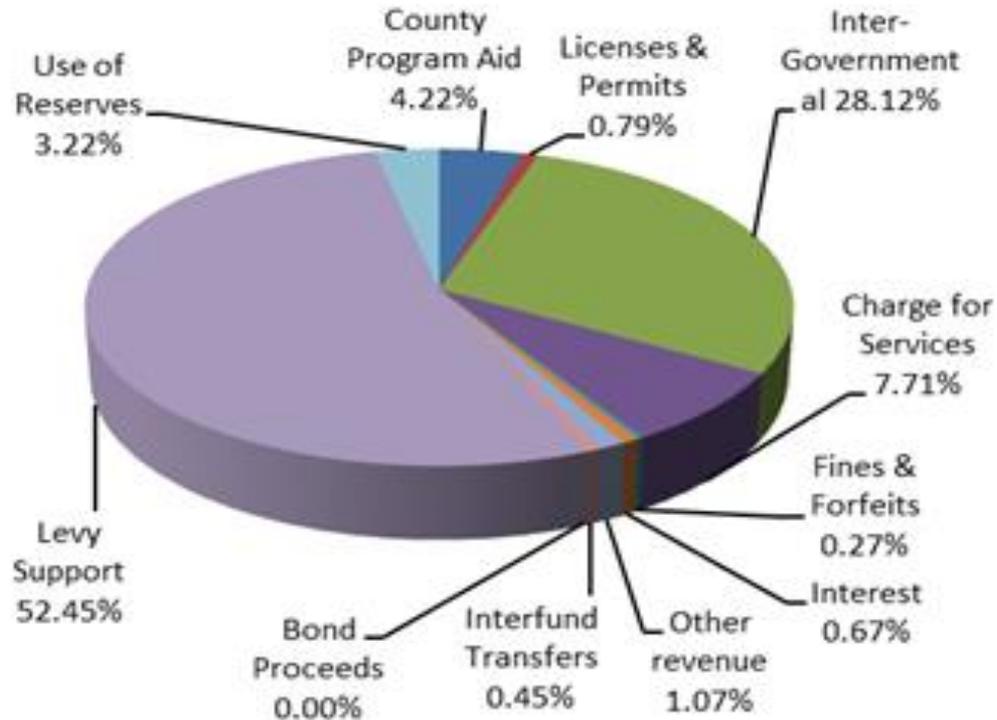




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Final 2014 County Budget

Revenues/Sources

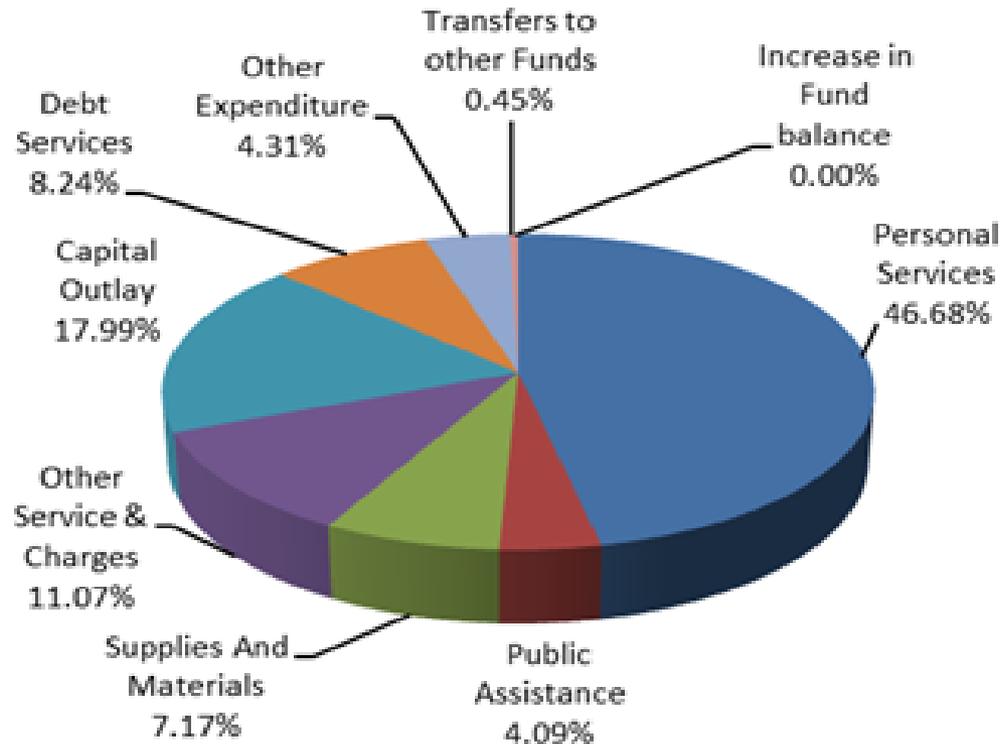




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Final 2014 County Budget

Expenditures/Uses





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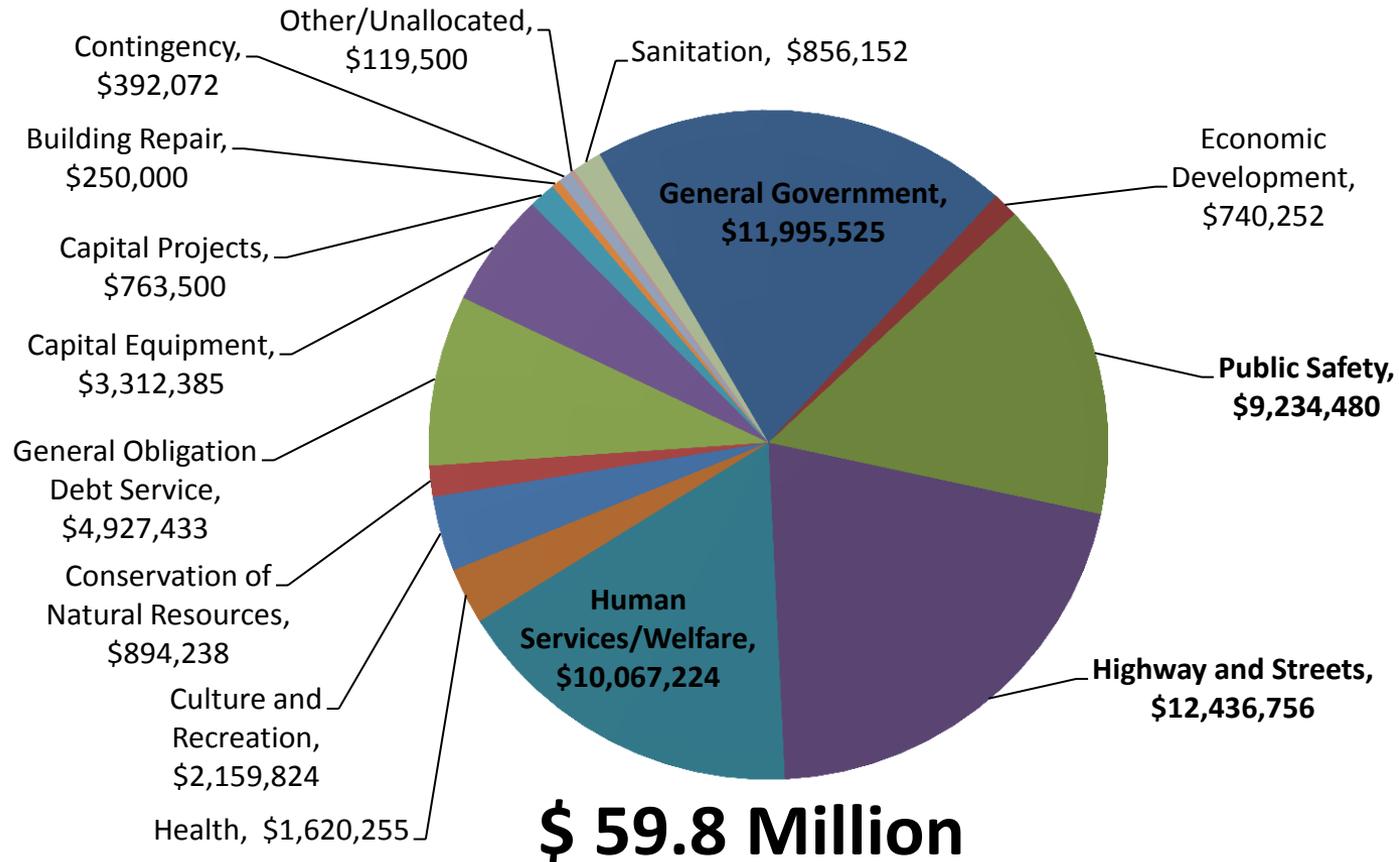
III. Programmatic/Departmental Considerations



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Final 2014 County Budget

Programmatic Activity





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2014 County Budget/Levy Considerations

County-wide/Department-wide:

- **Base Budget Adjustments –**
 - Levy ~ - \$50K
 - Additional LTE Staffing HHS ~ \$350K
- **Personnel Adjustments –** Steps, Health Care, Benefits, Mandatory Contributions (wage adjustments tbd.)
- **CPI Adjustments –** Fuel, Consumables, etc.
- **Historic Trends -** Revenues/Expenditures



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2014 County Budget/Levy Considerations

Public Safety:

- Managing overtime through use of part time personnel (Communications, Court/Facility Security)
- Increase crime prevention/community outreach by using Drivers Awareness Program fee's (*pending State Auditor/Legislative clarification*)
- Augment Sheriff's Office payroll using Taskforce Grant reimbursement and Gun Permit funds.



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2014 County Budget/Levy Considerations

Health & Human Services:

- Continue implementation of MNSure
- Implement MNChoice
- Manage increased activity in caring for persons in State Facility who are mentally ill and dangerous
- Adjust to changes in Riverwood (Mental Health)
- Manage other programmatic & personnel changes



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2014 County Budget/Levy Considerations

Public Works:

- Continue Bridge Replacement Program (*funding*)
- Continue limited Road Reconstruction (*funding*)
- Utilize Federal HSIP Funding for proactive safety improvement project on our highways
- Increase road maintenance activities and projects (*Wheelage Tax*)
- Update TIP and complete Road Reversion process
- Use construction management software (efficiencies)



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2014 County Budget/Levy Considerations

County Board & Administration:

- Tighter Budgets across line items
- Reduction in Contingency ~ - \$400K
- Increase support for Facilities & Maintenance

Auditor/Treasurer/Recorder/Assessor:

- Maintain Current Service Levels
- Mandatory Service Provision Concerns



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2014 County Budget/Levy Considerations

Environmental Services:

- Manage Parks CI Planning and Trail Projects (Sunrise & Swedish Im.)
- Use Solid Waste fund for HHW cold storage facility - MPCA segregated waste rqmts, facility safety & product stewardship (paint).
- Implement new Chisago County Grants for:
 - Business - innovative waste abatement and recycling project investment.
 - residential farm dump clean-ups.
- Remove top solid waste and hazardous “hot-spots”, from Rotary Park on School Lake in Chisago City.
- Manage modest increase in building activity and permitting revenues.



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2014 County Budget/Levy Considerations

Attorney/Court Administration & Court Services :

- Maintain Current Service Levels
- Adjust to Funding & Staffing Changes
- Maintain Current Status - State Revenue Supported

MICS:

- Implement new County Website & E-Gov't Services
- Provide support for needed Software upgrades
- Implement approved ARMER system & Firewall projects
- Manage Data Consumption/storage



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2014 County Budget/Levy Considerations

Capital/Debt Service:

- Continue managing County Debt
- Watch trends in PILT, MCIT Dividend, other activities
- Address LT Capital Needs – CIP and 2014 Projects

Other Agency Support:

- Library – Address capital project requests
- SWCD & Extension – Maintain programmatic Support
- Heartland - Implement 2014 Service Reductions & Undertake Service Redesign
- Other Agencies – Maintain support for CCHS & Ag Society



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IV. Draft *Final* 2014 County Tax Levy



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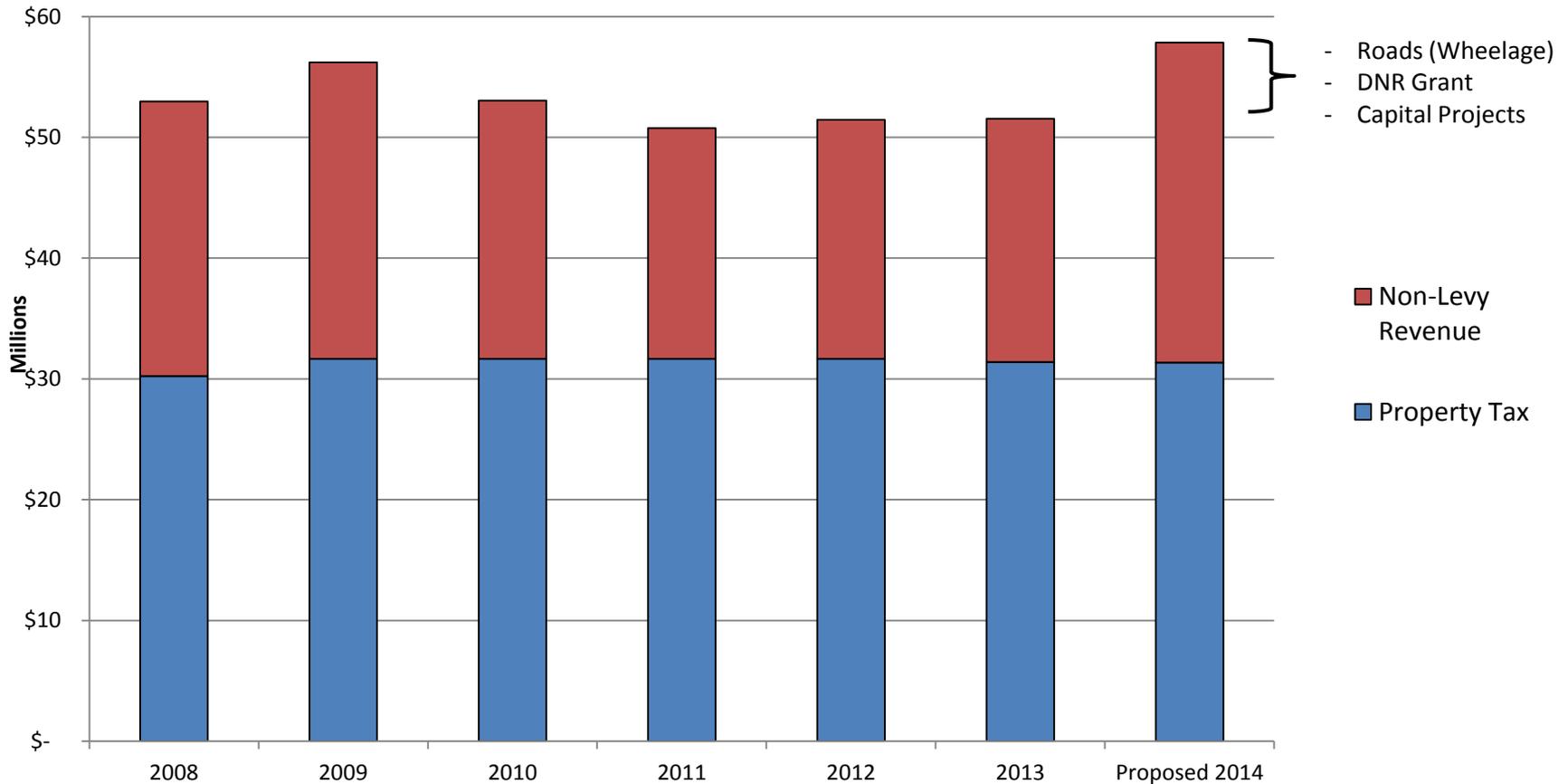
County Budget/Levy Revenues (2008 – 2014)

Year	Budgeted Expenditure	Non-Levy Revenue	Fund Balance	Property Tax Levy	Levy % Inc/(Dec)
2008	\$ 52,969,605	\$ 22,746,180		\$ 30,223,425	9.90%
2009	\$ 56,195,728	\$ 24,528,061		\$ 31,667,667	4.78%
2010	\$ 53,031,979	\$ 21,364,312		\$ 31,667,667	0.00%
2011	\$ 50,767,693	\$ 19,100,026		\$ 31,667,667	0.00%
2012	\$ 51,541,827	\$ 19,788,475		\$ 31,667,667	0.00%
2013 (Budgeted)	\$ 51,662,419	\$ 20,137,520	\$ 127,878	\$ 31,397,021	- 0.85%
2014 (Proposed)	\$ 59,769,586	\$ 26,497,029	\$ 1,925,546	\$ 31,347,021	- 0.2%



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County Levy – Budgeted Revenues (2008 – 2014)





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Projected Tax Impacts

Residential								
2013 Value	2013 Tax Capacity	2013 County Share of Tax	0% 2014 Reduction	2014 Tax Capacity	2014 County Share of Tax	Tax Increase/Decrease	% Increase/Decrease	
76,000	456	357.82	76,000	456	354.30	-3.52	-0.98%	
100,000	718	563.41	100,000	718	557.87	-5.54	-0.98%	
150,000	1,263	991.06	150,000	1,263	981.32	-9.74	-0.98%	
200,000	1,808	1,418.72	200,000	1,808	1,404.78	-13.94	-0.98%	
300,000	2,898	2,274.03	300,000	2,898	2,251.68	-22.35	-0.98%	
450,000	4,500	3,531.10	450,000	4,500	3,496.40	-34.70	-0.98%	
Commercial								
2013 Value	2013 Tax Capacity	2013 County Share of Tax	4.5% 2014 Reduction	2014 Tax Capacity	2014 County Share of Tax	Tax Increase/Decrease	% Increase/Decrease	
100,000	1,500	1,177.03	96,500	1,425	1,107.19	-69.84	-5.93%	
150,000	2,250	1,765.55	144,800	2,138	1,661.18	-104.37	-5.91%	
200,000	3250	2,550.24	193,000	3050	2,369.78	-180.46	-7.08%	
300,000	5250	4,119.62	289,500	4950	3,846.04	-273.58	-6.64%	
450,000	8250	6,473.69	434,300	7800	6,060.42	-413.27	-6.38%	
								% Increase/Decrease
	2013 Rate	0.7846898678		2014 Rate	0.7769774869	-0.0077123809		-0.98%



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V. Property Tax & Taxpayer Information

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Who Uses Your Property Tax Dollar?

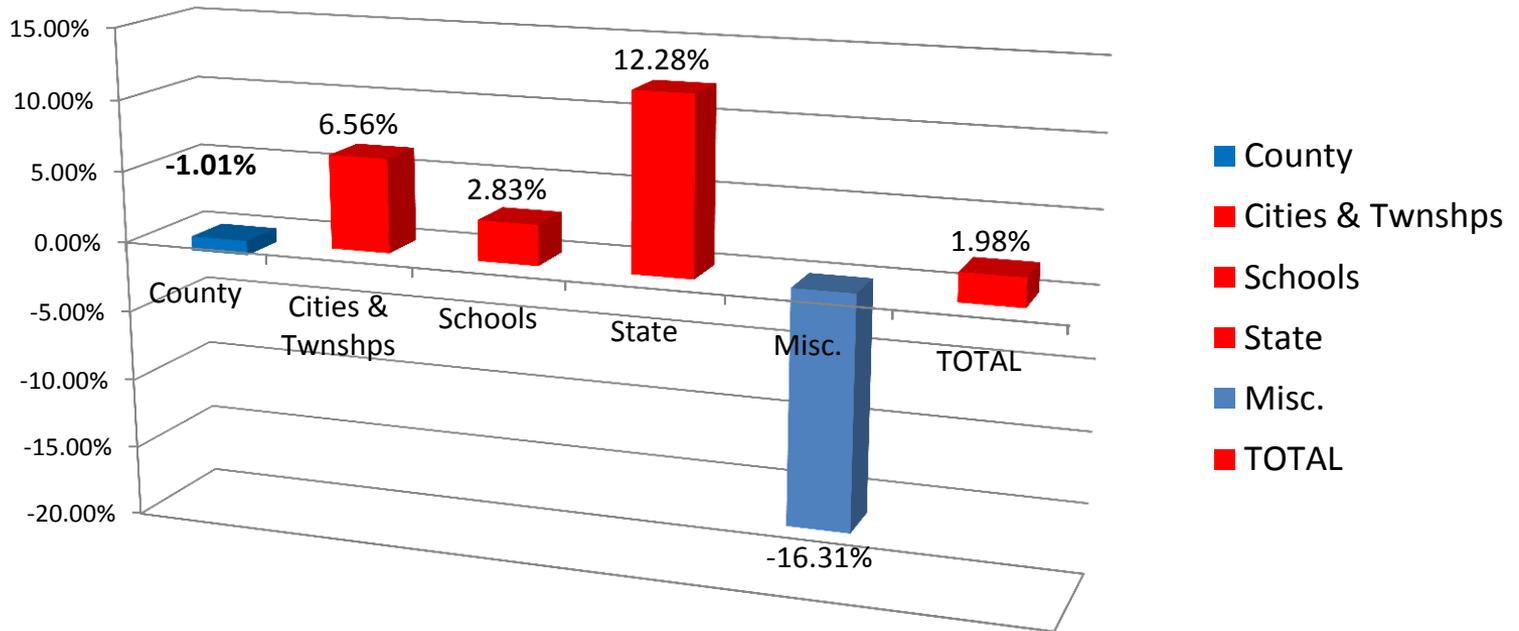




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Who Is Increasing Property Taxes?

% Levy Change (2010-14)



County	Cities/Twps	Schools	State	Misc.	Total
\$ 31.3M	\$ 18.6M	\$ 17.4M	\$ 4.7M	\$ 1.9M	\$ 73.9M



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Why Did My Property Taxes Change?

- Countywide Taxable Market Value Has Changed
 - ~ Generally flat change from last year/stable tax base
- Changes in **State Tax Laws/Programs**
 - Market Value Homestead Credit/Exclusion (implemented 2013)
 - Green Acres/Agricultural Classification (implemented 2013)
- Changes in **City/Township, School District** and **Special Taxing Districts** Taxes & Budgets
- Changes in **Individual Property** Information
 - Assessed Value Changes/Classification Changes



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What is the Market Value Homestead Exclusion?

- A Change in **State Tax Law/Program**
 - Replaced State Funding to counties to reduce Tax Levy with direct Property Tax Exemption
 - Results in *shift* of Property Tax burden
 - To Non-Homestead Properties
 - To Commercial & Industrial Properties
 - To Agricultural Properties
 - To certain Homestead Properties
- The **County** did not increase its Levy Amount



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Previous Property Tax System (MVHC)

Net Tax Capacity

County *

City/Township

School District

Others

The County serves as the local “Mailman” for a single Property Tax Bill.

** In 2011 - County MVHC was 5% or \$1.56M of Total Levy (\$31.7M)*

State MVHC – Reduced Property Taxes for certain qualified Homestead Properties via Credit.

\$3.2M in 2011

Your Property Tax Bill

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Current Property Tax System (MVHE)

Net Tax Capacity



The County serves as the local “Mailman” for a single Property Tax Bill.

County *

City/Township

School District

Others

Your Property Tax Bill

State MVHE –
Reduces Market Value
for certain qualified
Homestead Properties.

NO State Credit/Funding.

Shifts Tax Burden to non-Excluded Properties.

*Hurts Counties, Schools,
Cities/Townships, Others.*



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What Can I Do About My Tax Bill?

- Get the Correct Information (*County staff available*)
 - Verify accuracy of your taxing information
 - Understand the multiple variables at play
- Contact Each Taxing Jurisdiction regarding its respective decisions and impacts on your property
- Consider Applying for Property Tax Relief