



2022 Recommended Budget & Property Tax Levy

Truth in Taxation Meeting

December 7, 2021

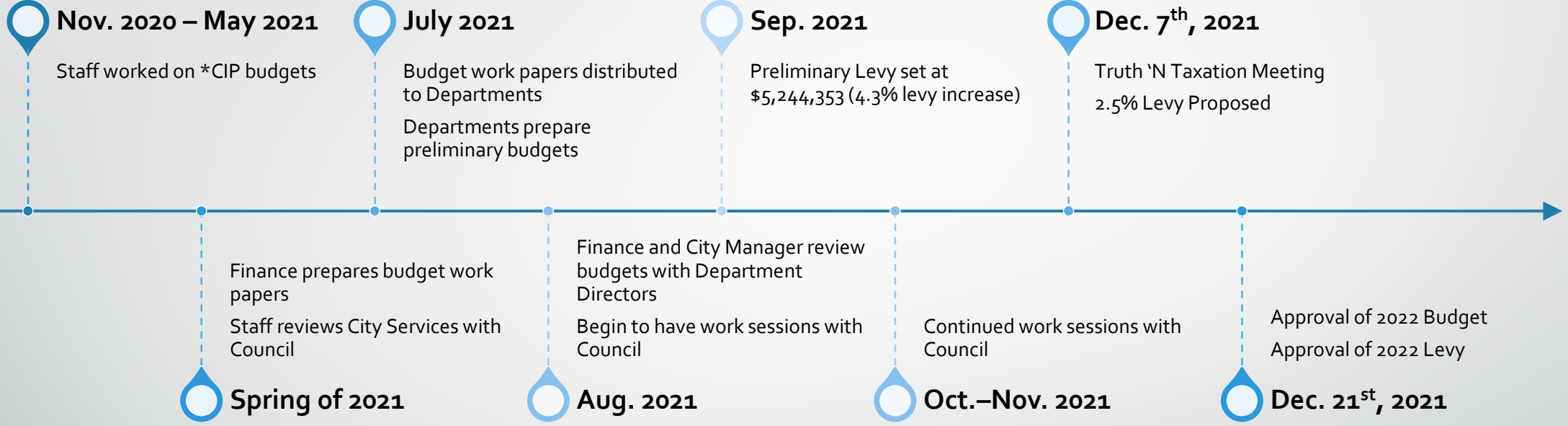
Truth in Taxation

- Purpose
 - Overview of 2022 Budget
 - Discussion of Levy for Taxes Payable in 2022
 - Impact to properties in Waseca
 - Public Comment
- Required by MN Statute 275.065, subd. 7



Budget Goals & Key Objectives

- Maintain Good Governance as outlined in Vision 2030:
 - Present a balanced General Fund budget for 2022
 - Continue to change and adapt with operations to control expenses, levies and fees
 - Continue to invest in aging infrastructure
 - Maintain quality City service levels
 - Maintain sound fiscal health

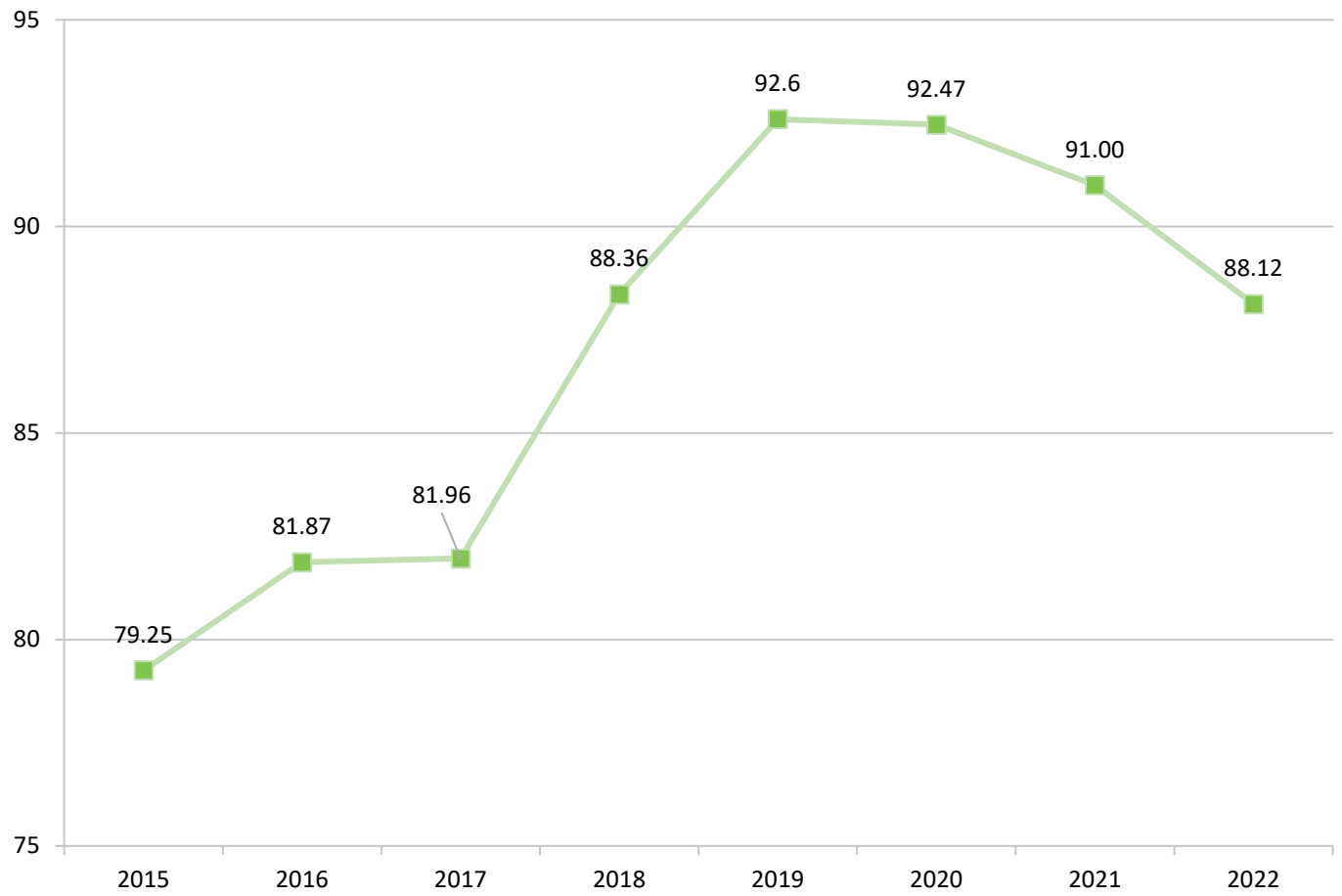


Timeline: Budget Process

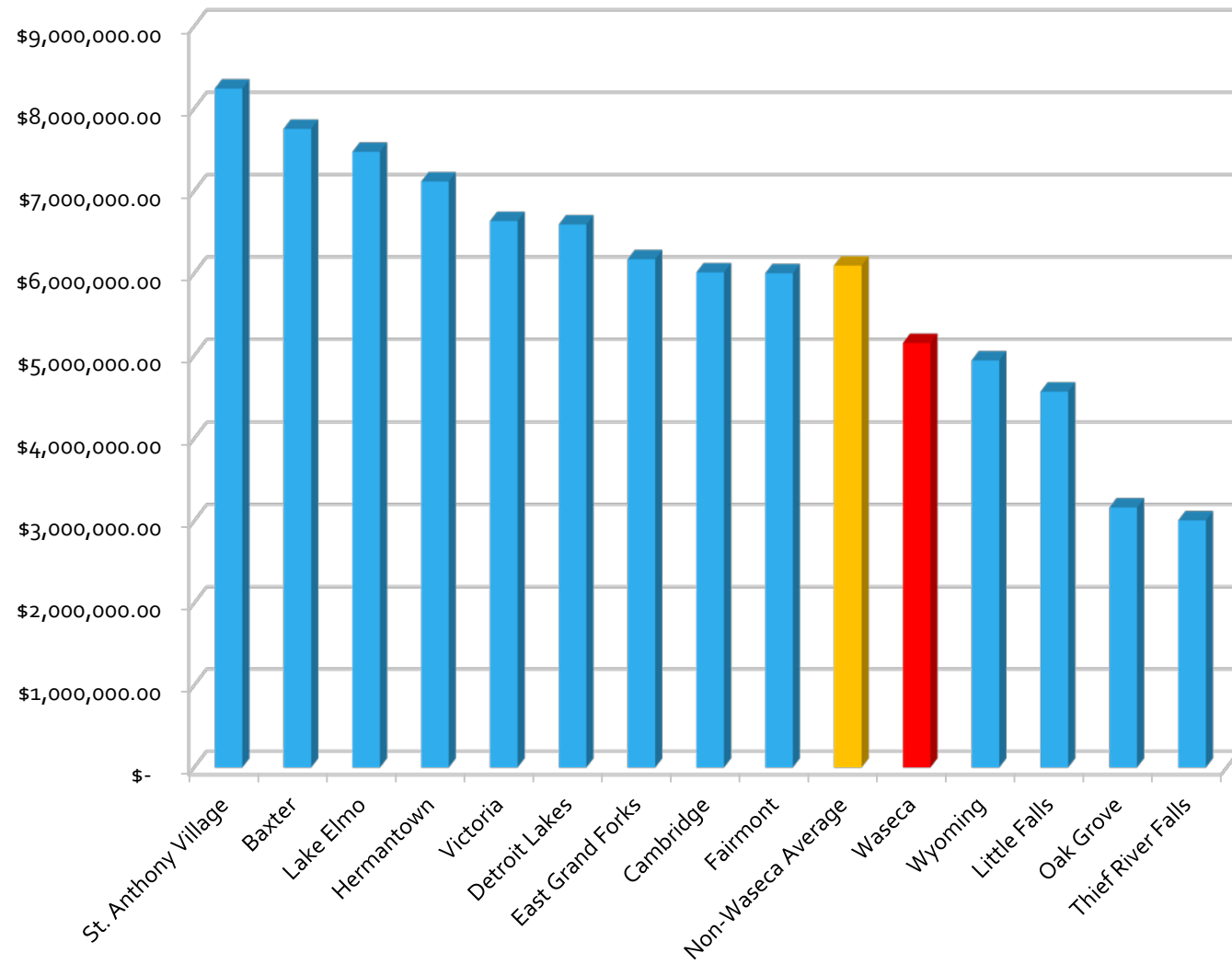
Levy Comparison

	Levy	Increase	Est. Tax Rate
2021 Final	\$ 5,030,237		91.1%
2022 Preliminary	\$ 5,244,353	4.3%	89.7%
2022 Proposed	\$ 5,154,403	2.5%	88.1%

Note: Levy Includes Water Park Levy, but Est. Tax Rate does not
Water Park Levy is based off of Market Value, where Tax Rates are calculated from Tax Capacity

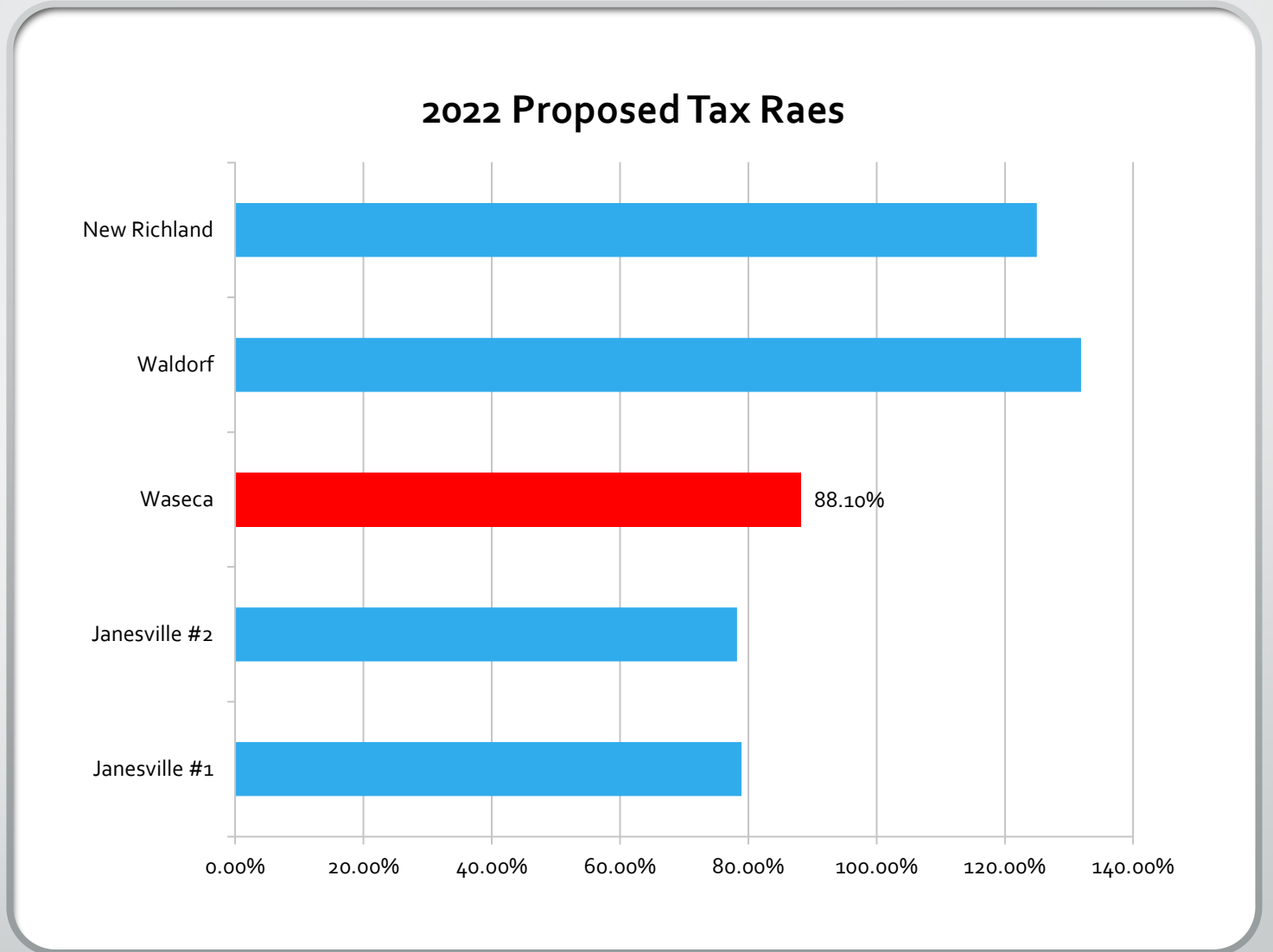


City of Waseca Tax Rate History



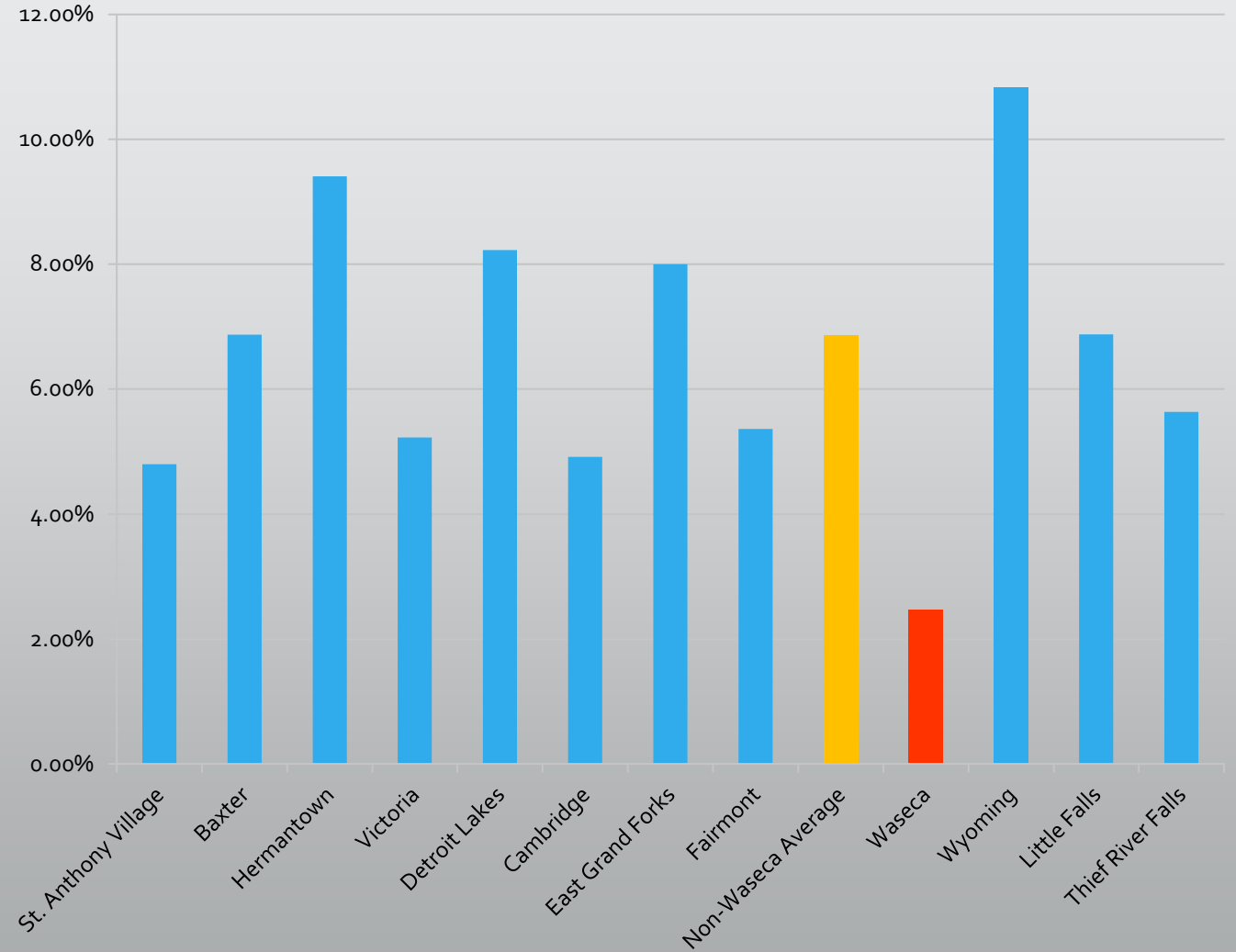
Comparably
Sized City
Proposed
Tax Levies

Comparison – Cities in Waseca County



Note: Pool Debt is 0.02% of market value
Source: Waseca County Auditor - Treasurer

Proposed Levy Increase as a Percentage



Factors that impact Property Taxes for Waseca Residents

- Market Value & Tax Capacity
- Property Classifications
 - Residential: Homestead or Non-Homestead
 - Agricultural
 - Commercial/Industrial
- Taxing Jurisdictions
 - State
 - County
 - City – Levy & Special Assessments
 - School
 - Other Special Taxing Districts



How Property Taxes are Calculated

Taxable Market Value (TMV)
(Estimated Market Value - Exclusions)

X

Tax Class Rate

(1% of first \$500,000; 1.25% of Total Market Value (TMV) > \$500,000)

Net Tax Capacity (NTC)

How Property Taxes are Calculated – Tax Capacity Rate

Property Tax Levy	/	City Tax Capacity	=	Tax Capacity Rate
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\$ 5,047,003.11	/	\$ 5,727,160	=	88.12 %
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Water Park Debt is not used to
calculate Tax Capacity Rate

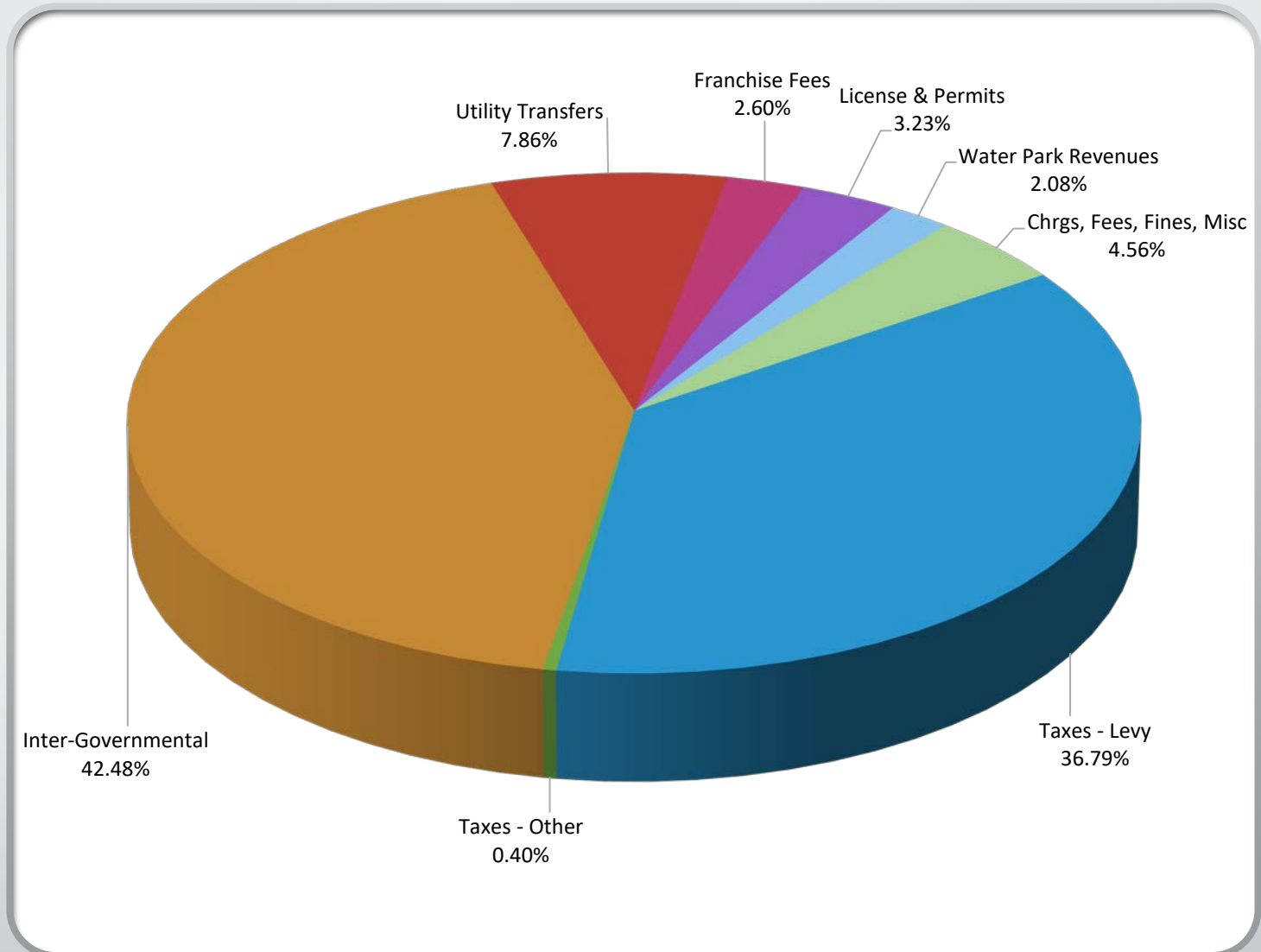
Sample Tax Calculation

- ❖ Hypothetical = No Change in Assessed Value
- ❖ Reality = Median Assessed Value Increased 8.11%

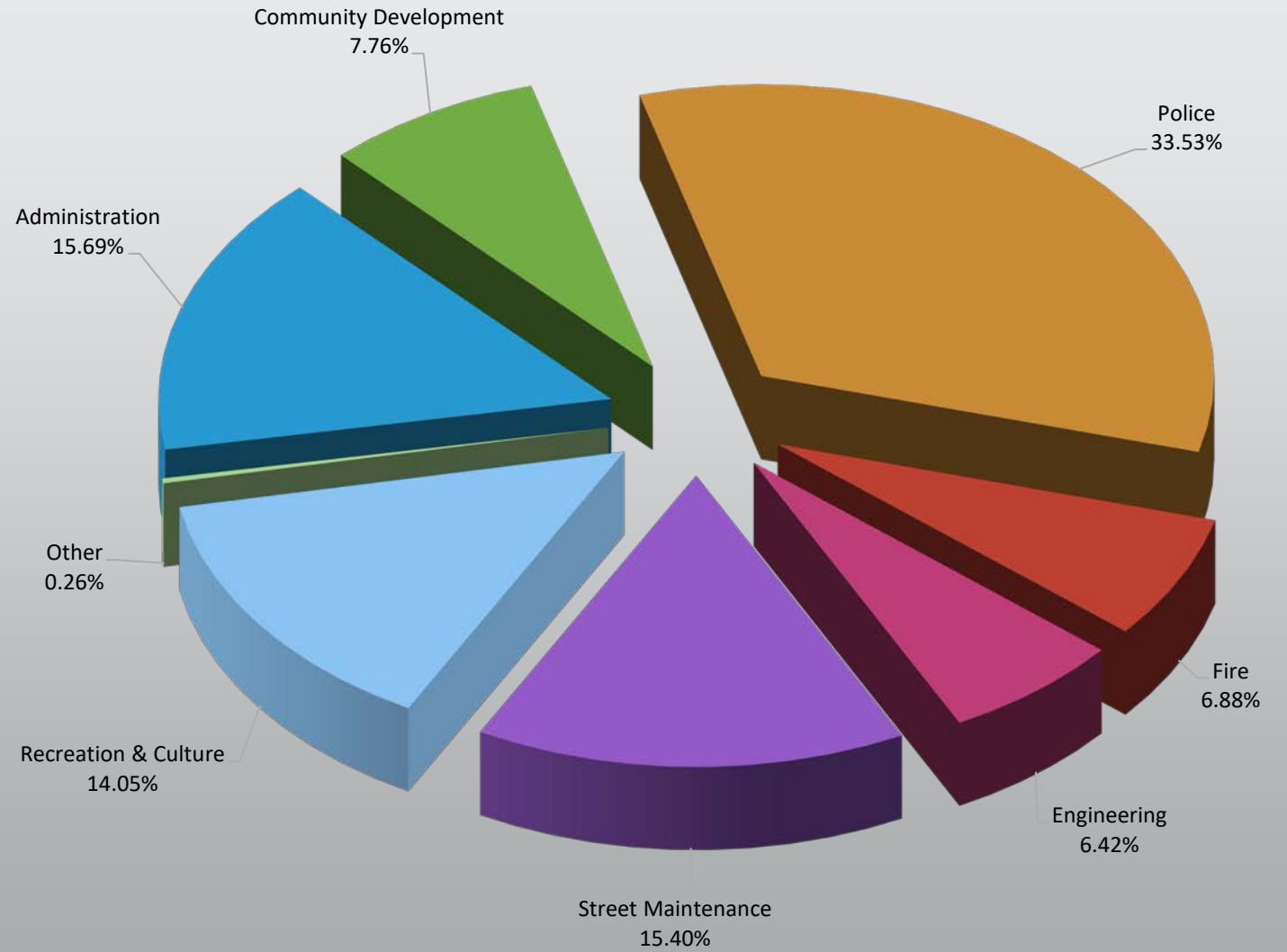
	Hypothetical			Reality			Comments
	Payable 2020	Payable 2021	(%) Change	Payable 2020	Payable 2021	(%) Change	
Residential							
Median Assessed Value	138,600	138,600	0.00%	128,200	138,600	8.11%	
Less: Market Value Exclusion	(24,766)	(24,766)		(25,702)	(24,766)		Max Benefit = \$30,400 / Phase Out = \$413,800
Taxable Market Value	113,834	113,834		102,498	113,834		Subtract MV Exclusion from Estimated MV
Class Rate	1.00%	1.00%		1.00%	1.00%		Set by Legislature (Over \$500k is 1.25%)
Tax Capacity	1,138	1,138		1,025	1,138		Taxable MV Multiplied by Class Rate
City of Waseca - Tax Rate	91.00	88.10	-3.19%	91.00	88.10	-3.19%	Tax Levy Divided by Tax Capacity * 100
City of Waseca Estimated Taxes	1,036	1,003	-3.19%	933	1,003	7.52%	Tax Capacity Multiplied by Tax Rate

\$70 increase or \$5.83/month

2022 General Fund Revenue Sources



2022 Summarized General Fund Expenditures

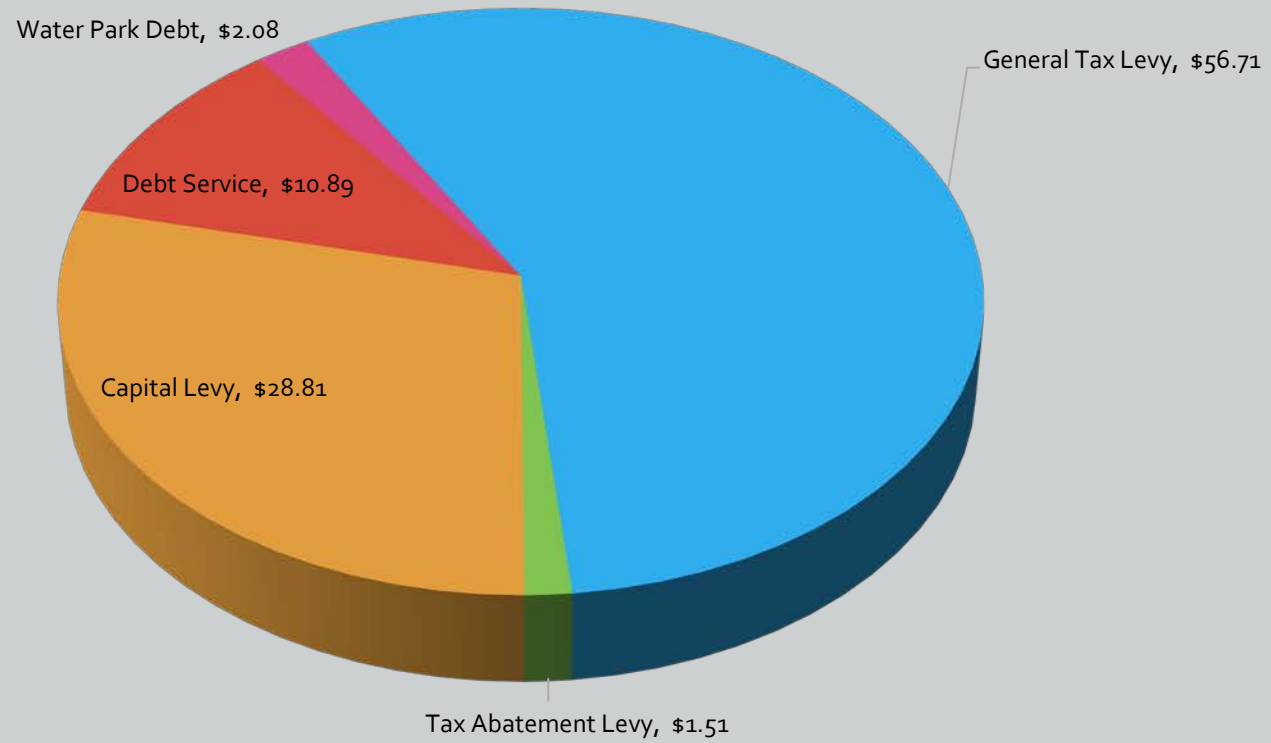


Department Expenditures Comparison

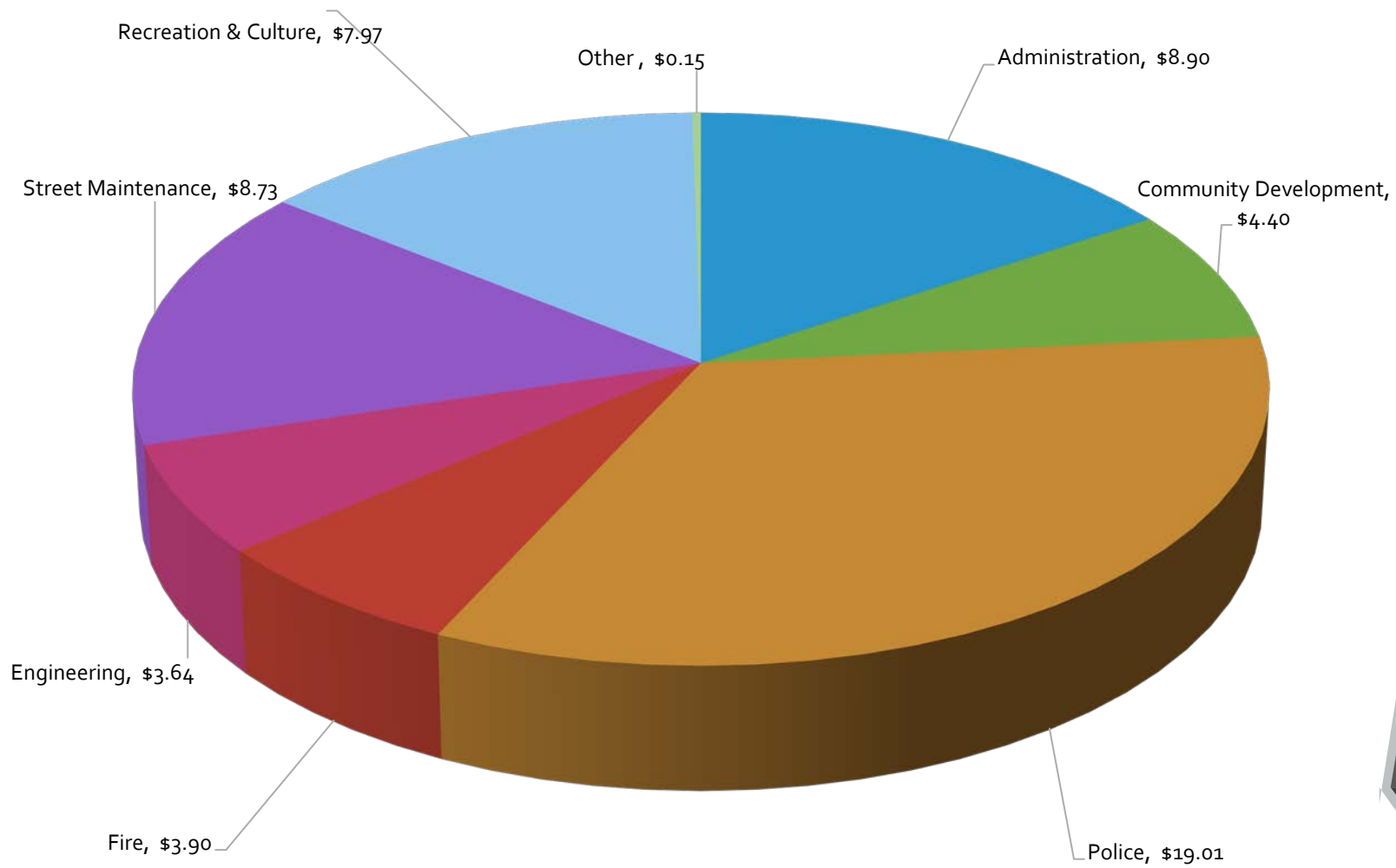
	2021	2022	% Change
Administration	1,369,241	1,279,824	-6.53%
Community Development	620,648	632,790	1.96%
Police	2,551,151	2,734,767	7.20%
Fire	503,932	561,113	11.35%
Engineering	502,418	523,788	4.25%
Street Maintenance	1,218,266	1,256,074	3.10%
Recreation & Culture	1,145,238	1,146,097	0.08%
Other	233,643	21,610	-90.75%

General Fund Summary

Total All General Fund Departments - Expenses				
	2021	2022	\$	%
	BUDGET	BUDGET	CHANGE	CHANGE
Personnel	\$ 5,749,043	\$ 5,964,256	\$ 215,213	3.7%
Supplies	669,060	697,716	28,656	4.3%
Services & Charges	1,051,975	1,049,821	(2,154)	-0.2%
Charges	416,348	422,660	6,312	1.5%
Transfers	233,643	21,610	(212,033)	-90.8%
Total Expenditures	\$ 8,120,069	\$ 8,156,063	\$ 35,994	0.4%
Total All General Fund Departments - Revenues				
	2021	2022	\$	%
	BUDGET	BUDGET	CHANGE	CHANGE
Taxes - Levy	\$ 3,065,930	\$ 3,000,654	\$ (65,276)	-2.1%
Taxes - Other	32,500	32,500	\$ -	0.0%
Inter-Governmental	3,392,499	3,464,449	\$ 71,950	2.1%
Transfers	636,118	641,118	\$ 5,000	0.8%
Franchise Fees	222,000	212,000	\$ (10,000)	-4.5%
License & Permits	248,100	263,700	\$ 15,600	6.3%
Water Park Revenues	169,400	169,400	\$ -	0.0%
Chrgs, Fees, Fines, Misc	356,515	372,242	\$ 15,727	4.4%
Total Revenues	\$ 8,123,062	\$ 8,156,063	\$ 33,001	0.4%



Where do My Taxes Go (Per \$100)



General
Fund
Taxes
(\$56.71)

What's Included in the 2022 Levy

- Capital Improvement Program Funding
- Funding for Equipment Replacement Plan
- Increases for Employee Compensation and Benefits
 - Continued Implementation of Class and Comp Study (from 2017)
 - 2.5% Wage Adjustments
 - Health Insurance increases
 - Work Comp Insurance Increase
- Reduced Contracted Snow Removal Services
- Removed Vision 2030 Funding
- Reduced Contracted Professional Services in Community Development and Administration
- Eliminated 1 Full-Time equivalent between Finance and Administration
 - Part of the Savings is going to implement new technologies to increase efficiencies
- General/Liability Insurance Increase

Defer Capital Investments

- Will impact infrastructure condition
- Increase annual maintenance costs

Staff Attrition

- Employed Selectively
- Will impact service delivery

Reduced use of Independent Contractors

- Will require additional staff time
- Will impact service delivery

Three Tools to Handle Cuts

Final Steps

- Truth In Taxation Meeting (Tonight)
 - Council Provides Final Direction to Staff
- December 21st Council Meeting
 - Resolution to Adopt the Final Tax Levy
 - Resolution to Adopt the 2022 City of Waseca Budget

Conclusions / Questions

- Market / Assessed Value Questions?
 - Contact Waseca County (507) 835-0640
 - Joe.Udermann@co.Waseca.mn.us
- Future Questions about City's Budget & Tax Levy?
 - Contact Finance Director, Alicia Fischer (507) 835-9746
 - financedirector@ci.waseca.mn.us
 - Contact City Manager, Lee Mattson (507) 835-9747
 - LeeM@ci.waseca.mn.us

