



City of Hutchinson

2012 General Fund & Debt Service Fund Truth & Taxation Meeting

Tuesday, December 13, 2011

6:00 p.m.



2011 Market Values

- County Starts with the 2010 Market Residential/Commercial Values
- Market values are adjusted for 2011 based on several factors:
 - ▣ Sales data: **October 1st, 2009 – September 30th, 2010;**
 - ▣ New Residential/Commercial Construction from the year **2010;**
- County then actually sets the 2011 Market Value on **January 2nd, 2011** from that data:
- **March 2011** - Estimated Market Valuation/Market Values notices are sent out to property owners:
- **April 2011** - “The City of Hutchinson Board of Equalization” is held to discuss the 2011 Market Values and make any adjustments if necessary:
- **November 2011** – Final Market Valuation/Market Value notices sent out, and **preliminary** levies applied to that value.

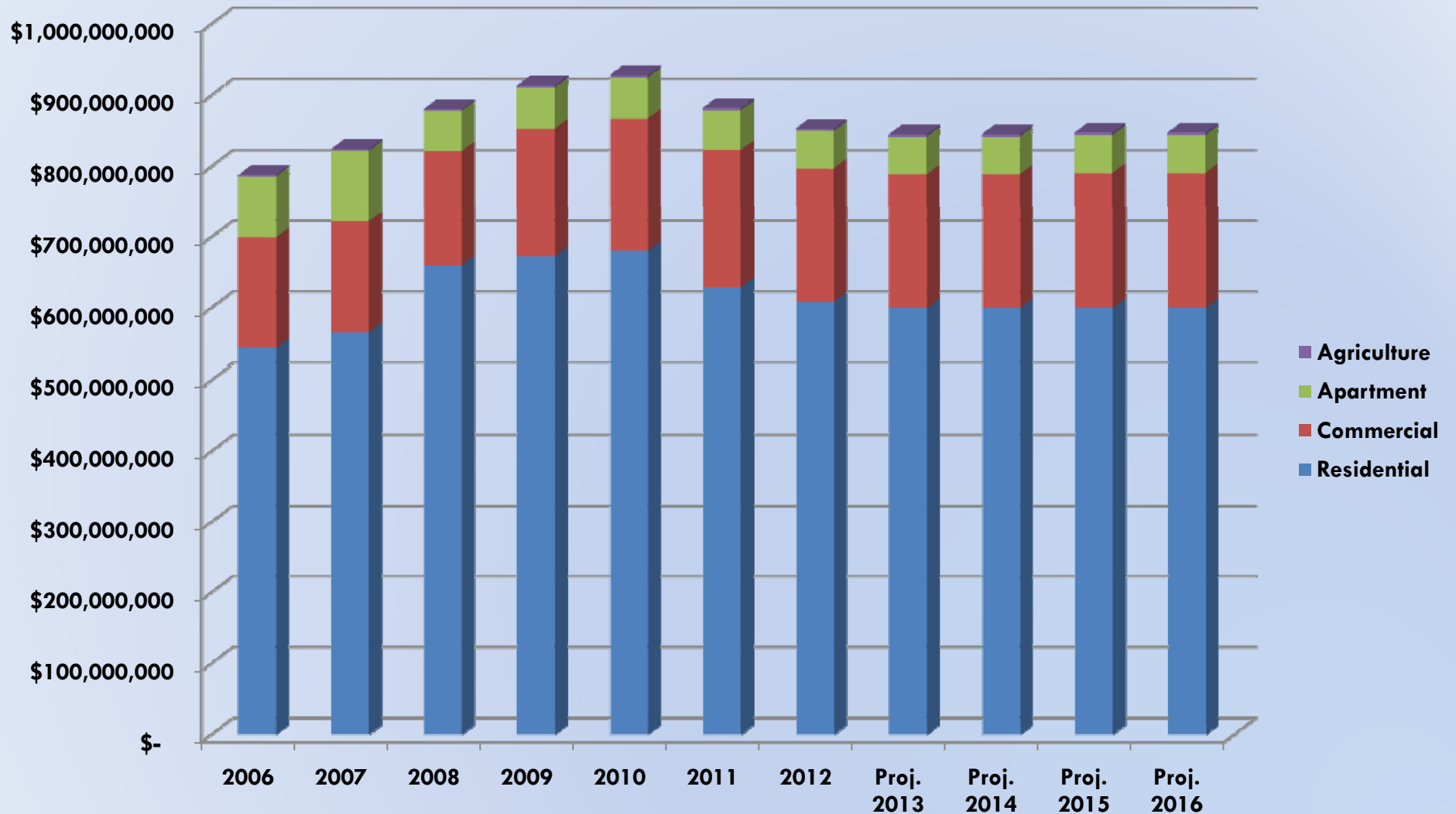


Market Value Exclusion Program

- 2011 - State Repealed the MVHC and replaced it with MVEP.
- Why were the Changes Enacted?
 - ▣ Help address the State's Budget Deficit
 - ▣ MVHC program has lost general support (Failure to Reimburse Cities)
 - ▣ When the State cuts reimbursements, it has the effect of reducing the city's certified levy.
- Effects of the new program?
 - ▣ Will cause tax rates & taxes for most properties to rise
 - ▣ Property tax relief now delivered by excluding a portion of a home's market value from taxation
- Eligibility for Exclusion:
 - ▣ Homes up to \$76,000 in total market value receive maximum exclusion (\$314)
 - ▣ Amount of exclusion decreases as home value grows until exclusion is fully phased-out for homes valued at over \$413,800.



Yearly Market Values





Mission Statement

- The City of Hutchinson exists so that residents, businesses, property owners and visitors are provided with quality services and programs that support a safe, healthy, sustainable and business-friendly community with a small town atmosphere for a cost of government similar to, or less than comparable out-state Minnesota cities.



Six Core Areas of Focus

- ❑ **Public Safety**
 - ❑ Provide Residents & Visitors a “Safe” Environment w/protection of property
- ❑ **Health & Recreation**
 - ❑ Provide and Contribute to a “Healthy Quality of Life”
- ❑ **Transportation**
 - ❑ Provide safe and effective movement throughout the city
- ❑ **Economic Development**
 - ❑ Provide Diversification, job growth, employment opportunities
- ❑ **Environment**
 - ❑ Provide concepts that are sustainable & environmental friendly (i.e.....manage community growth)
- ❑ **Good Government**
 - ❑ Citizens perceive the City is delivering quality services at a reasonable price and that there is adequate planning for the future.



Timeline - 2012 Budget Process

- City Staff started putting together dept. budgets Spring/Summer 2011
- Council established a levy target – August 4th, 2011
- Council conducted town hall meeting – August 24th, 2011
- Certified Preliminary GF & Debt Tax Levy – September 13, 2011 (3% **General Fund Levy Inc**, 5% **Debt Service**)
- October 25th & November 17th – additional workshops, Nov. 17th Changed GF Levy to 0%, Staff continued to balance the budget
- Truth & Taxation Hearing – December 13th, 2011
- Set Final Levy's – December 27th, 2011



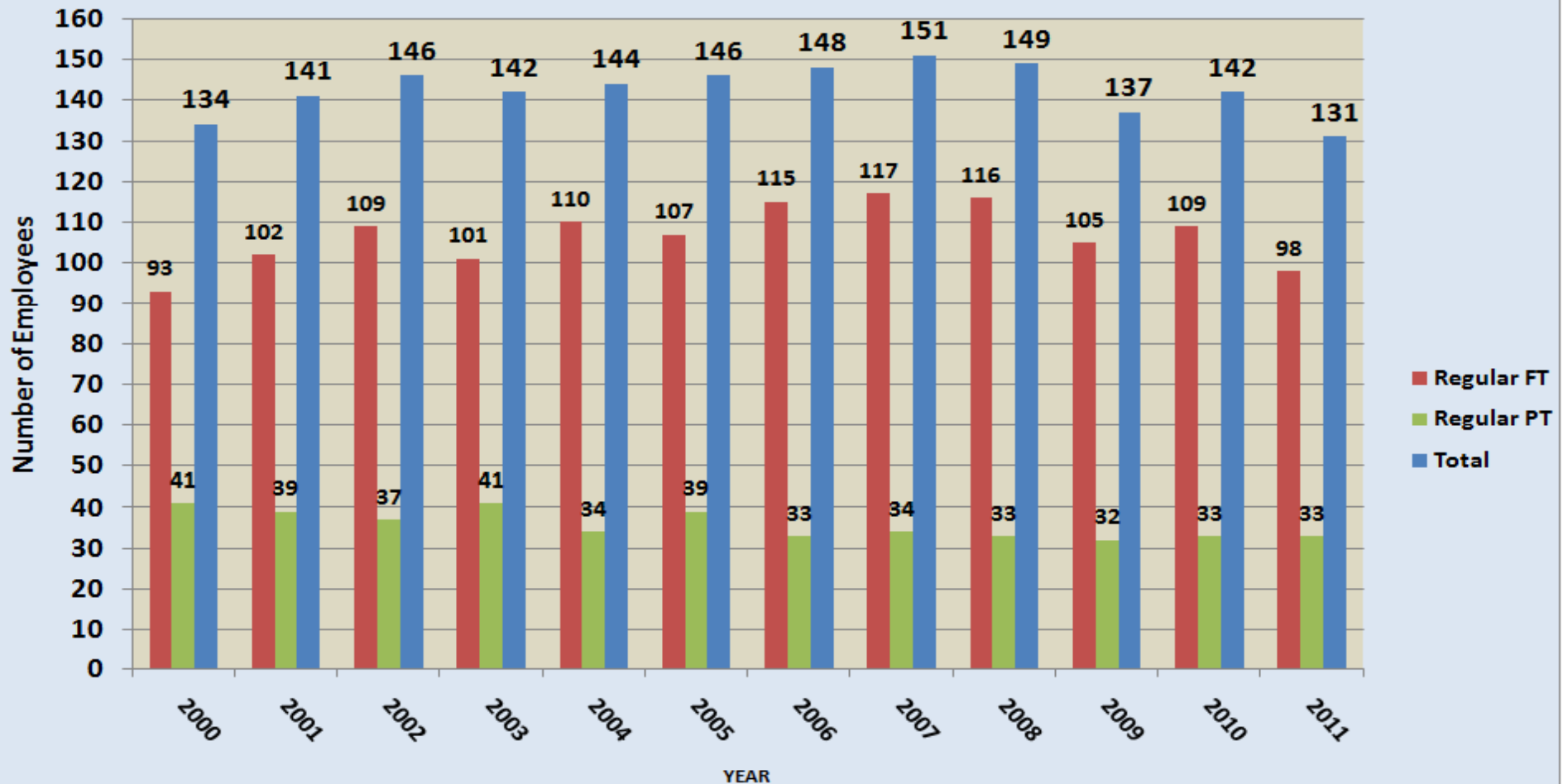
Pro-Active Measures Taken By The City Over The Last Several Years

- Reduce Reliance on LGA to fund the General Operating Budget
(Capital Expenditures moving forward)
- Reduction of Full-time & Part-time Employees
- Reduction in staffing hours
- Early retirement program
 - ▣ Consolidation of Administrator & Finance Director Position
 - ▣ City Forestry Program – Cooperative model between Parks & Public Works
- No Market Adjustments
- Reductions in operating expenses, over-time budgets & seasonal budgets
- Increases in certain user fees & some fees once waived are no longer waived
- Moved from a Fully-insured to HRA to HSA Health Insurance Program



City of Hutchinson Historical Staffing Levels

City Staffing Levels
Regular Employees





Preliminary Tax Levy Info.

□ **General Fund Tax Levy**

- Preliminary General Fund Tax Levy – increase of 3% over 2011 , \$4,612,779
- Includes Voter Approved Special Mosquito Levy of \$35,000

□ **Debt Service Fund Tax Levy**

- Preliminary Tax Levy increase of 5% - \$1,974,778 (~ 29% of Total Tax Levy)

- Preliminary Total Levy – \$6,587,557 (3.6% overall Prelim. Levy increase)

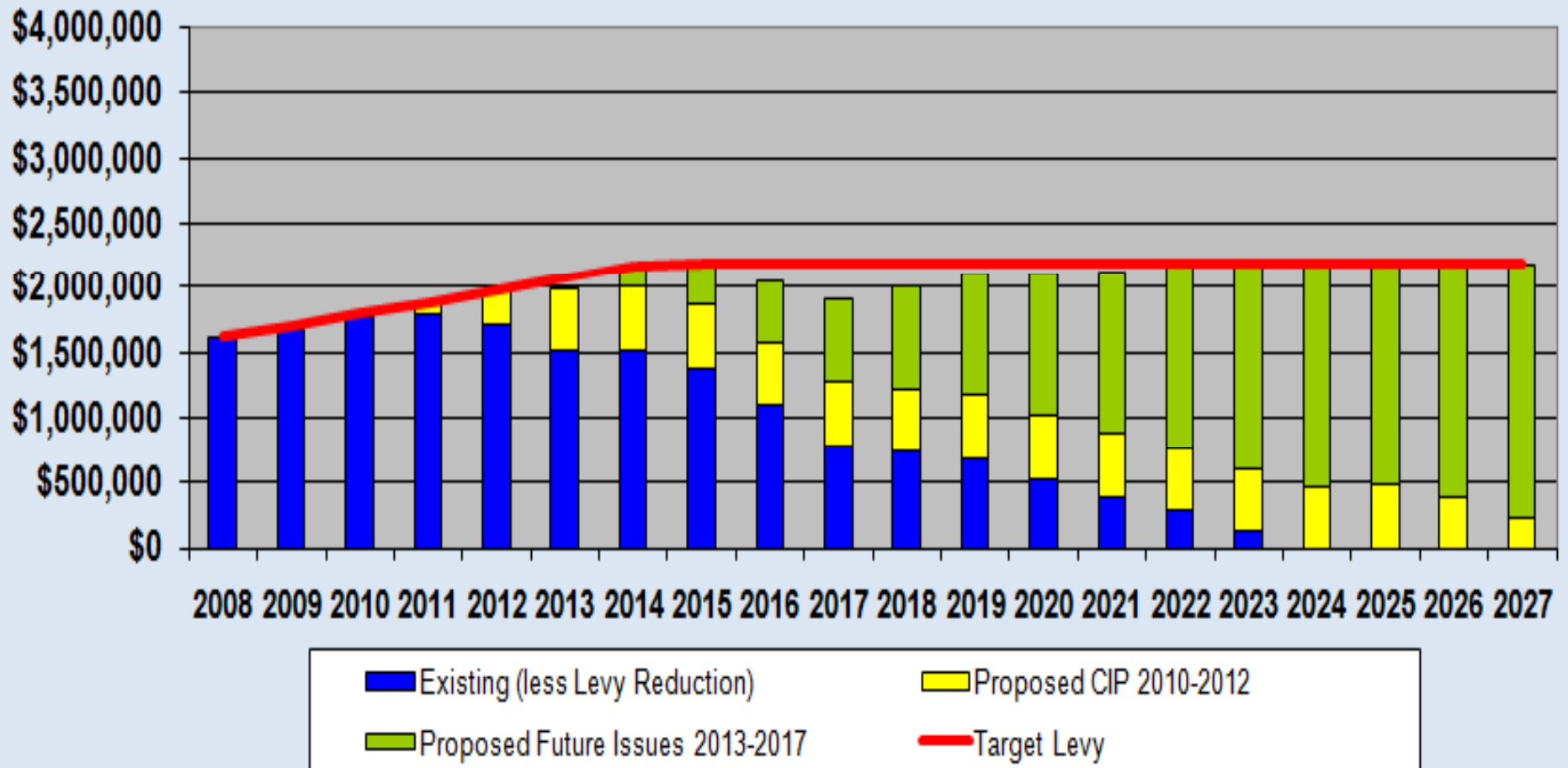
- **Proposed Final Levy's - \$6,454,224 *(Preliminary levy reduced by \$133,333)**

- General Fund Levy – 0% levy increase over prior year
- Debt Service Fund Levy – 5% increase over prior year
- **Overall Levy Increase – 1.48%**



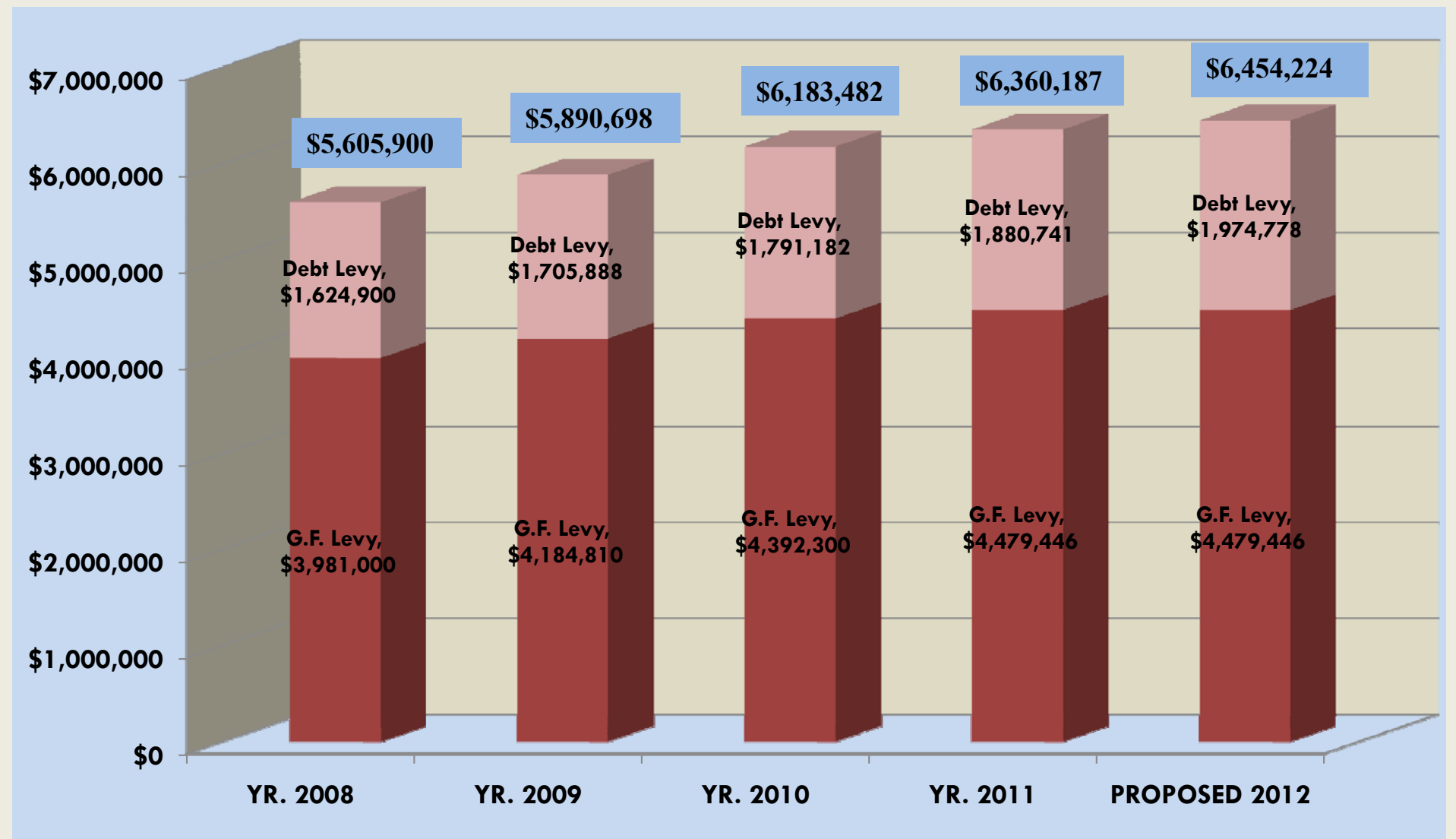
Debt Management Plan

Project Future Debt Levy



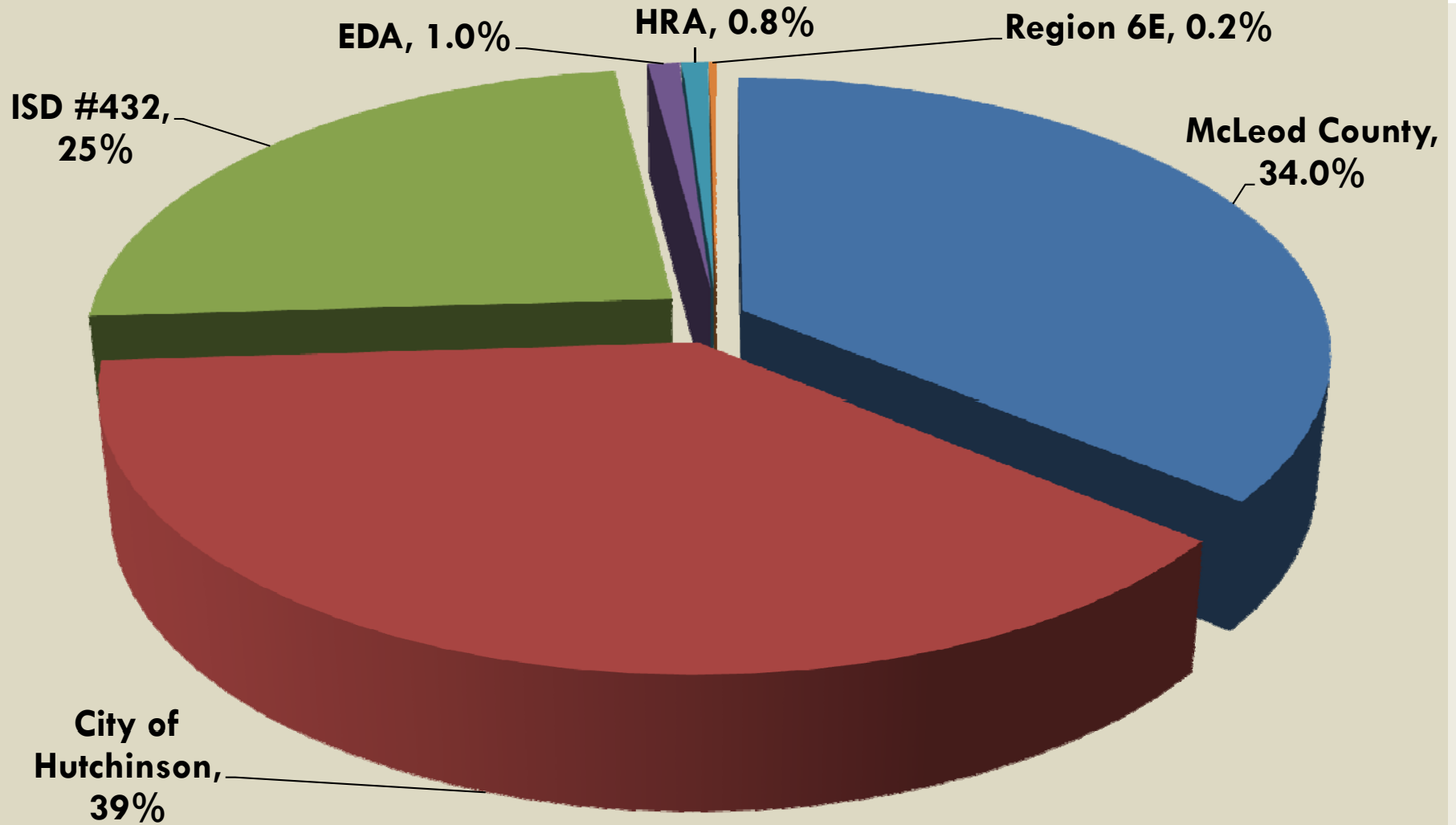


Levy Comparison Graph





Appox.2012 Tax Bill Breakdown (Residential Home)





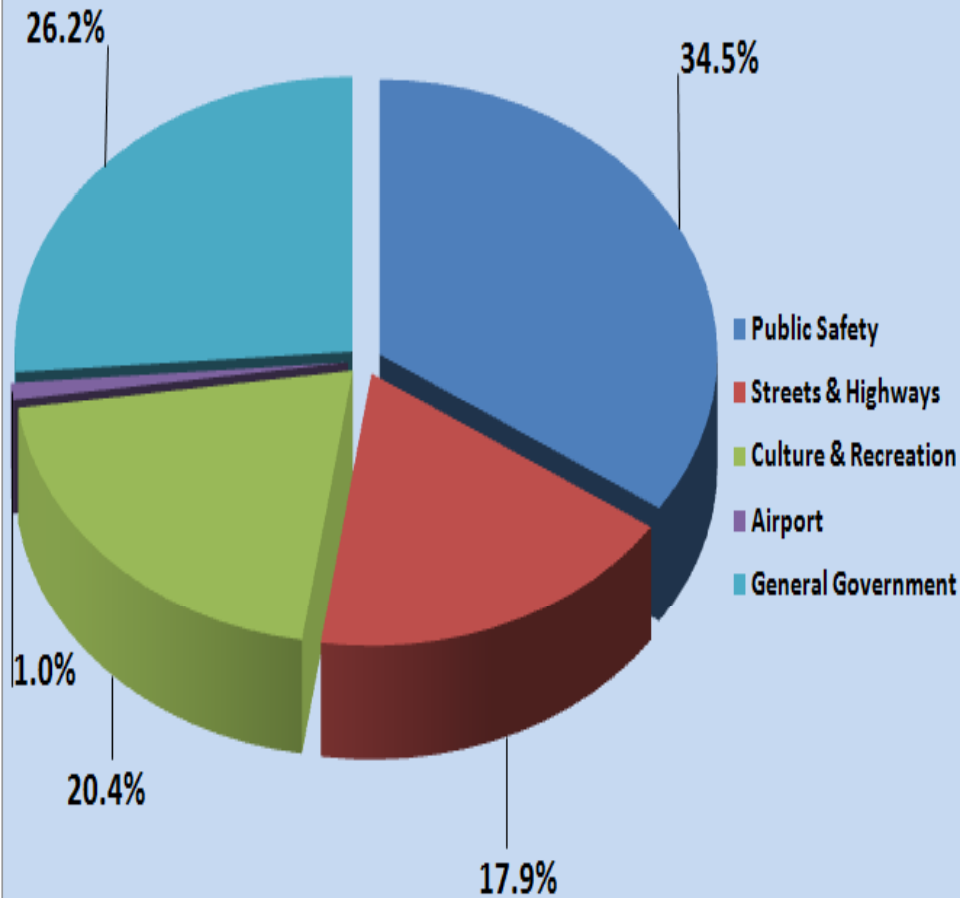
Historical Budget Graph



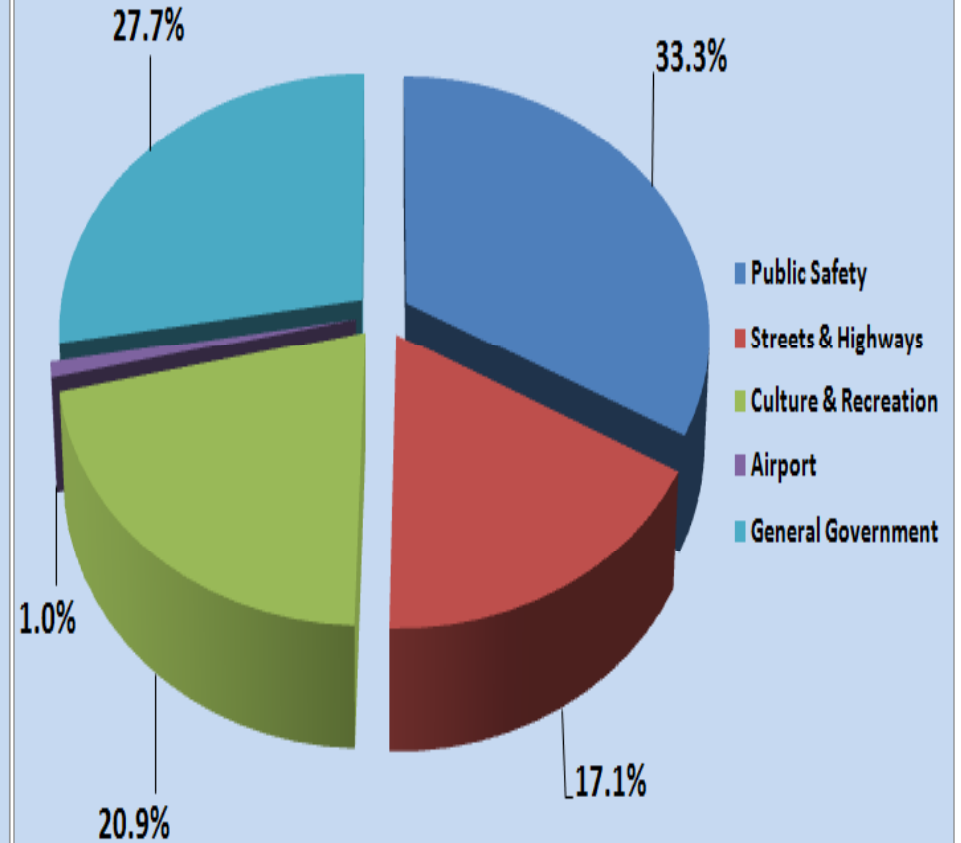


General Fund Budget - Expenditures

2011 General Fund Expenditures

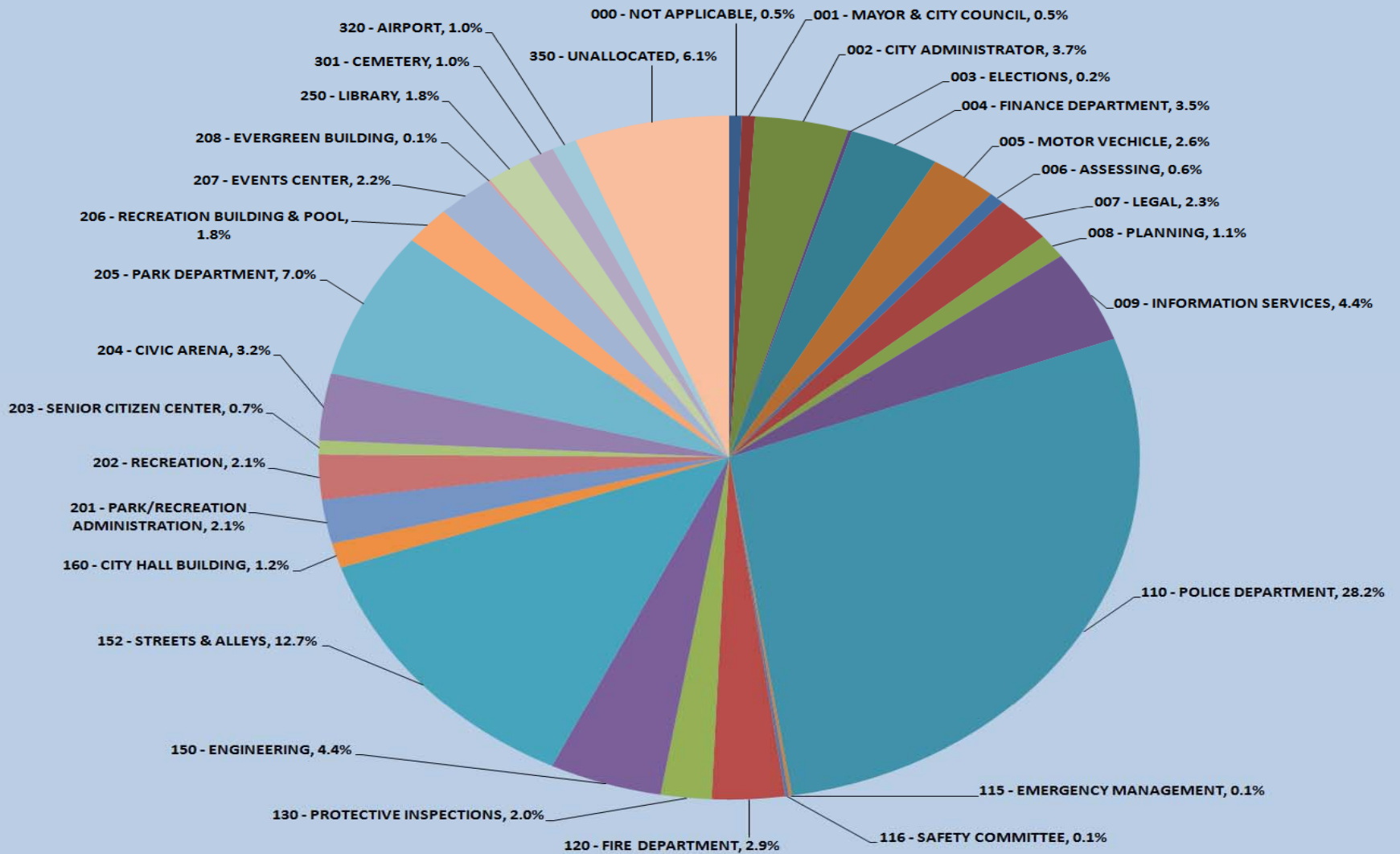


2012 General Fund Expenditures



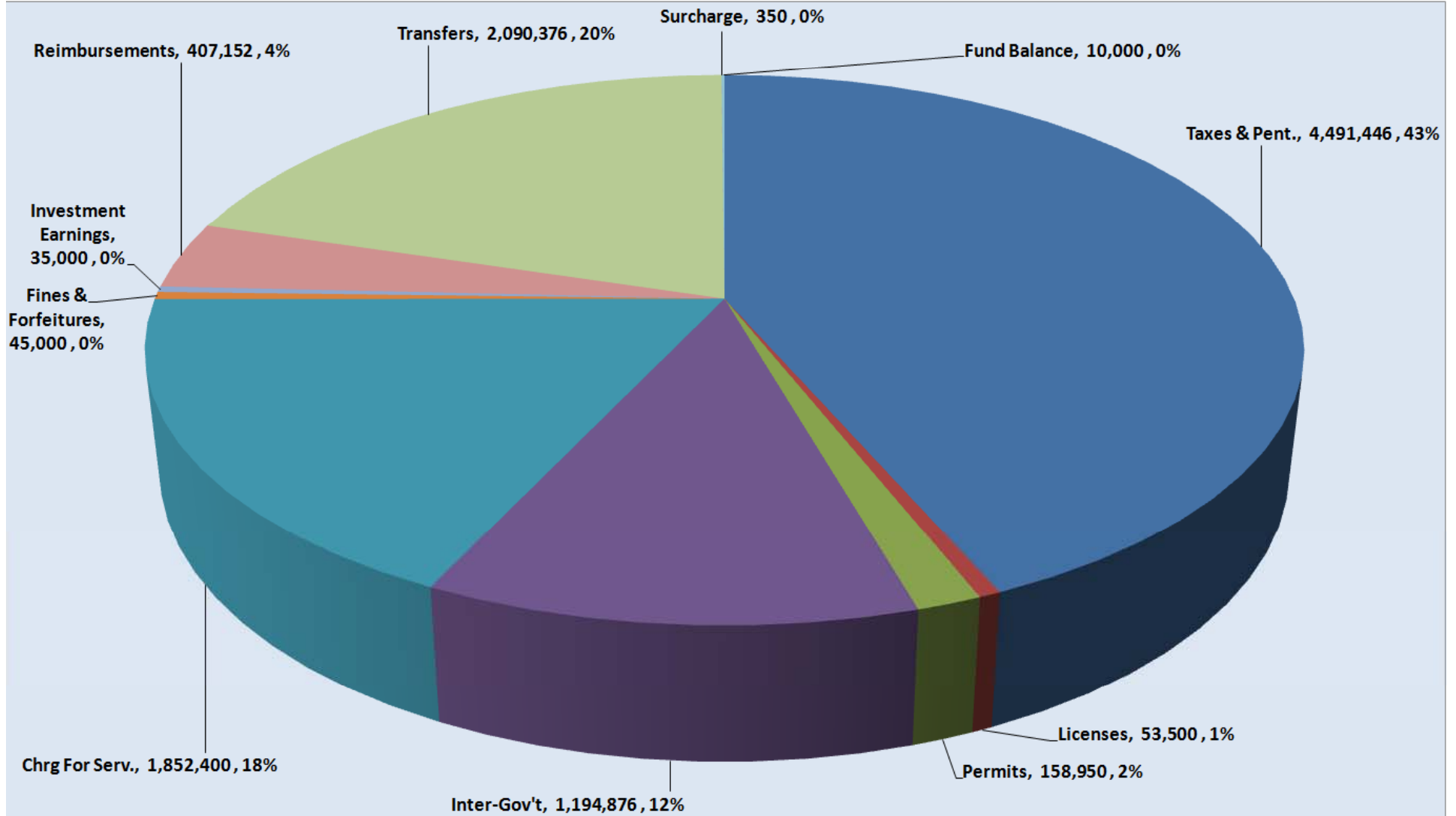


General Fund Budget - Expenditures





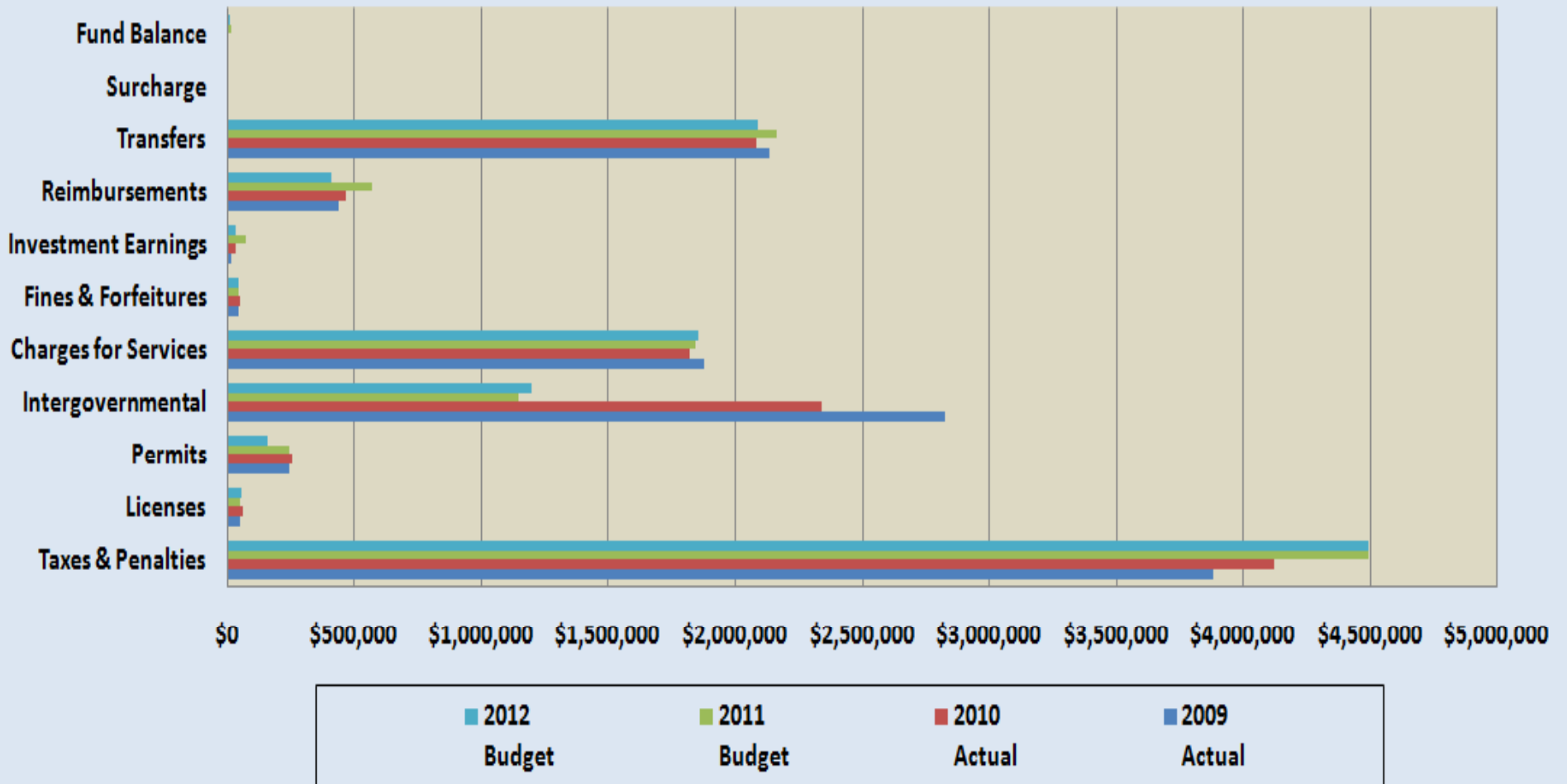
2012 General Fund Budget - Revenues





2012 Gen. Fund Budget - Revenues

City of Hutchinson
Major Revenue Sources Comparison





5 Year Budget 2012-2016

Description	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 Budget	5 year budget Assumptions
REVENUES						
Taxes	4,479,446	4,569,035	4,660,416	4,753,624	4,848,696	2% increase
Delinquent Taxes	12,000	12,000	12,000	12,000	12,000	Flat
Licenses	53,500	55,105	56,758	58,461	60,215	3% increase
Permits	158,950	163,719	168,630	173,689	178,900	3% increase
Intergovernmental (Aids, PRCE Reim....etc)	472,876	472,876	472,876	472,876	472,876	Flat
LGA	722,000	722,000	722,000	722,000	722,000	Flat
Charges for Services	1,852,400	1,907,972	1,965,211	2,024,167	2,084,893	3% increase
Fines & Forfeitures	45,000	45,000	45,000	45,000	45,000	Flat
Interest Income	35,000	50,000	60,000	60,000	70,000	Adjust w/economy
Refunds & Reimbursements	407,152	407,152	407,152	407,152	407,152	Flat
Contributions & Donations (Rural Fire)	55,500	55,500	55,500	55,500	55,500	Flat
W/S Fund Transfer	86,290	86,290	86,290	86,290	86,290	Flat
Creekside Transfer	57,881	59,617	61,406	63,248	65,146	3% increase
Liquor Transfer	420,000	420,000	420,000	420,000	420,000	Flat
Hospital Transfer	194,481	204,205	214,415	225,136	236,393	5% increase
Utilities Transfer	1,276,224	1,314,511	1,353,946	1,394,564	1,436,401	3% increase
Surcharges	350	1,000	1,000	400	350	
Fund Balance	10,000	-	10,000	-	10,000	
Total Revenues	10,339,050	10,545,982	10,772,600	10,974,108	11,211,811	
EXPENDITURES						
Salaries & Benefits	6,633,597	6,898,941	7,174,899	7,461,894	7,760,370	4% increase
Supplies & Maintenance	790,835	814,560	838,997	864,167	890,092	3% increase
Professional & Contractual Services	462,442	462,442	462,442	462,442	462,442	Flat
Services & Charges	2,155,664	2,220,334	2,286,944	2,355,552	2,426,219	3% increase
HATS Transfers	92,750	92,750	92,750	92,750	92,750	Flat
Miscellaneous Expenses	203,762	203,762	203,762	203,762	203,762	Flat
Total Expenditures	10,339,050	10,692,789	11,059,793	11,440,567	11,835,635	
Total Revenues over/(under) Expenditures	-	(146,807)	(287,193)	(466,460)	(623,824)	



On-Going Cost-Containment Initiatives

- ❑ Volunteer Program
- ❑ Wellness Program
- ❑ Facilities Improvement Program
- ❑ Equipment/Vehicle Replacement Program
- ❑ Service Prioritization/Service Level Discussions (Citizen Survey)
- ❑ Additional Revenue Streams (Cooperative Partnerships)
- ❑ Additional Expense Reduction Opportunities



City of Hutchinson

Questions?