

**CITY OF NISSWA
AGENDA –CITY COUNCIL WORKSHOP
WEDNESDAY, OCTOBER 16, 2019 – 6:00 PM
NISSWA CITY HALL**

- A. Call to Order
- B. 2020 Budget and Levy Discussion
- C. Adjourn

CITY OF NISSWA
 BUDGET LINE ITEMS
 2020 DRAFT BUDGET

Council Workshop October 16, 2019

2019 LEVY	\$	2,342,653	
2020 PRELIM LEVY	\$	2,553,492	
INCREASE	\$	210,839	9.00%
Amount per 1%	\$	23,427	
<i>rounded</i>	\$	25,000	
<u>Budget items new for 2020:</u>			
<u>Clerk</u>			
New Employee	\$	25,000	1.00%
<u>Hwys & Streets</u>			
County Road Projects	\$	50,000	2.00%
Vehicle Equip Matrix	\$	15,000	0.60%
Road Repairs	\$	30,000	1.20%
<u>Bond</u>			
2014 off; 2018 on	\$	27,000	1.00%
Employee Wages/Health	\$	65,000	2.50%
General Insurance	\$	10,000	<u>0.40%</u>
			8.30%

Estimated Market Value of Real Property in Nisswa = 10% increase in 2020



2019 Final Tax Rates

CITY RATES:

Baxter	52.949%
Brainerd Generally	80.385%
Brainerd Rural Service Dist	50.021%
Breezy Point	42.048%
Crosby	104.352%
Crosslake	30.157%
Cuyuna	57.432%
Deerwood	95.971%
Emily	41.457%
Fifty Lakes	22.305%
Fort Ripley	29.068%
Garrison	71.531%
Ironton	105.692%
Jenkins	58.132%
Manhattan Beach	22.060%
Nisswa	33.215%
Pequot Lakes	57.385%
Riverton	38.454%
Trommald	39.794%

2019 Levy \$2,342,653

divided by

2019 NTC \$7,053,280

equals

2019 Rate **33.215%**



Variables

- Tax rates are different according to property classification
- If a property's value changed, that will impact taxes

Keeping the tax rate level means the City is seeking the same level of taxes as prior years, as a proportion of market value.

2019 Levy \$2,342,653

divided by

2019 NTC \$7,053,280

equals

2019 Rate **33.215%**

2020 Levy \$2,553,493 (+ 9% Prelim)

divided by

2020 NTC \$7,758,608 (+ 10%)

equals

2020 Rate **32.912%**

Jenny Max

From: Tom Denaway
Sent: Monday, October 7, 2019 2:47 PM
To: Jenny Max
Subject: RE: 2020 tax capacity calc

Jenny,

Yes, generally speaking if there is a 10% increase in the Market Value (i.e. tax base) and a 9% increase in the levy, that would result in the City's tax rate being the same.

Keeping the tax rate level means the City is seeking the same level of taxes as prior years, as proportion of market value.

The result of this, is that the City portion of taxes for next year should remain flat, unless there is an increase in market value for the property.

If a property realized an increase in market value, the new City property tax amount for that property would be at the same ratio of tax to market value as the prior year; but the tax amount itself would be higher as the value increased.

Put another way, the percentage increase of City taxes on a property that realized a market value increase, will be in an amount equal to the change in market value.

If a property increased in market value 3%, the increase in City taxes would be 3%.

This is also a bit of an approximation as well, as there is the taxable vs market value difference that may potentially impact things. Additionally, the taxes are technically based on the Tax Capacity of the property instead of the Market Value. The tax capacity is derived from the market value of a property, so changes in MV should carry over to changes in Tax Capacity, but there is some potential for a slight difference in the rate of change there. In order to be exact we would need to see from the County the same information in regards to tax capacity.

Let me know if that makes sense?

Tom Denaway
Director



now joined with
Springsted and Umbaugh

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From: Jenny Max <jmax@ci.nisswa.mn.us>
Sent: Friday, October 04, 2019 3:11 PM

To: Tom Denaway <Tom.Denaway@bakertilly.com>

Subject: FW: 2020 tax capacity calc

Tom,

I finally received information below from the County on tax values in Nisswa.

Our preliminary levy was set for 2020 at 9% above last year. With the approximate increase of 10% in market values in Nisswa in 2020, would it be fair to say that taxes should remain mostly flat for property owners for 2020? I realize consideration should be given for the difference between market values and taxable values.

Thanks,

Jenny Max, MCMC

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From: Michaelle Cronquist [mailto:Michaelle.Cronquist@crowwing.us]

Sent: Wednesday, September 25, 2019 9:43 AM

To: Jenny Max

Cc: Melonie Flaws

Subject: FW: 2020 tax capacity calc

Hello Jenny ~

My apologies for the delay in replying to your email. We have been having issues with some reports within our new property tax system.

In reviewing the total Estimated Market Value of Real Property for Nisswa in 2019 vs. 2018 there is an approximate increase of 10%.

I show the 2019 assessment EMV of real property to be approximately 717,545,100 (preliminary data) vs. 2018 assessment EMV of real property of approximately 651,018,900.

Please note these are estimated market values not taxable. Also, this data only includes real property and does not include any personal property values.

I hope this information is helpful, please let me know if you have any questions.

Thank you again for your patience.

Michaelle Cronquist

Assessing Services Supervisor

Land Services Department

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