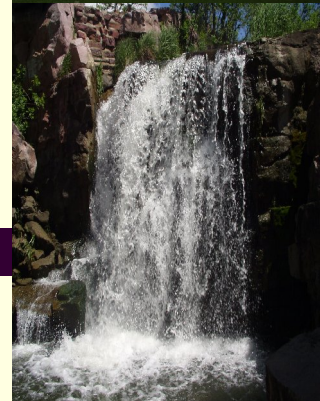




Truth in Taxation

December 8, 2011

7:00 PM



Welcome and Introductions

- Market values shown on your Truth In Taxation notice were established in the Spring and are NOT a subject for the hearing tonight.
- Values for the 2011 assessment (taxes payable 2012) were discussed and established at the local Board of Review and the County Board of Equalization held earlier this year.

The purpose of this hearing is . . .

1. To explain the proposed budget and proposed tax levy for 2012.
2. Obtain public feedback on the proposed County budget.

Budget Development Timeline

Jan-June	Market values determined.
June	County officials begin work on budget.
Sept	Proposed budget is announced.
Nov	Truth-in-Taxation notices mailed.
Dec	Truth-in-Taxation meeting held; 2012 budget is adopted on December 13, 2011 during the Pipestone County Board of Commissioners Meeting
March	Property tax statements mailed

Truth-In-Taxation Statement

- Levy Authorities
 - Pipestone County
 - Cities or Townships
 - School Districts
 - Regional Development Commission
- Taxable market value for taxes payable in 2011 and 2012.
- Meetings for school districts and cities are held at other times.

Budget Guiding Principles

- Limit Levy to Gradual Increases Over Time
- Withstand Cuts by State of MN by Not Putting All Cuts Back on Local Taxpayers
- Provide Core Services and Programs Well
- Continued Investment in Infrastructure With Limited Impact on Tax Levy
- Identify programs/services which could be reduced or phased out over time

Organizational Challenges

- Uncertain State Funding Levels
- Economic Uncertainty
- Operational and Capital Funding
- Adjusting Service Levels Due to Reduced Funding
- Increased Demand for County Services

Market Value Credit

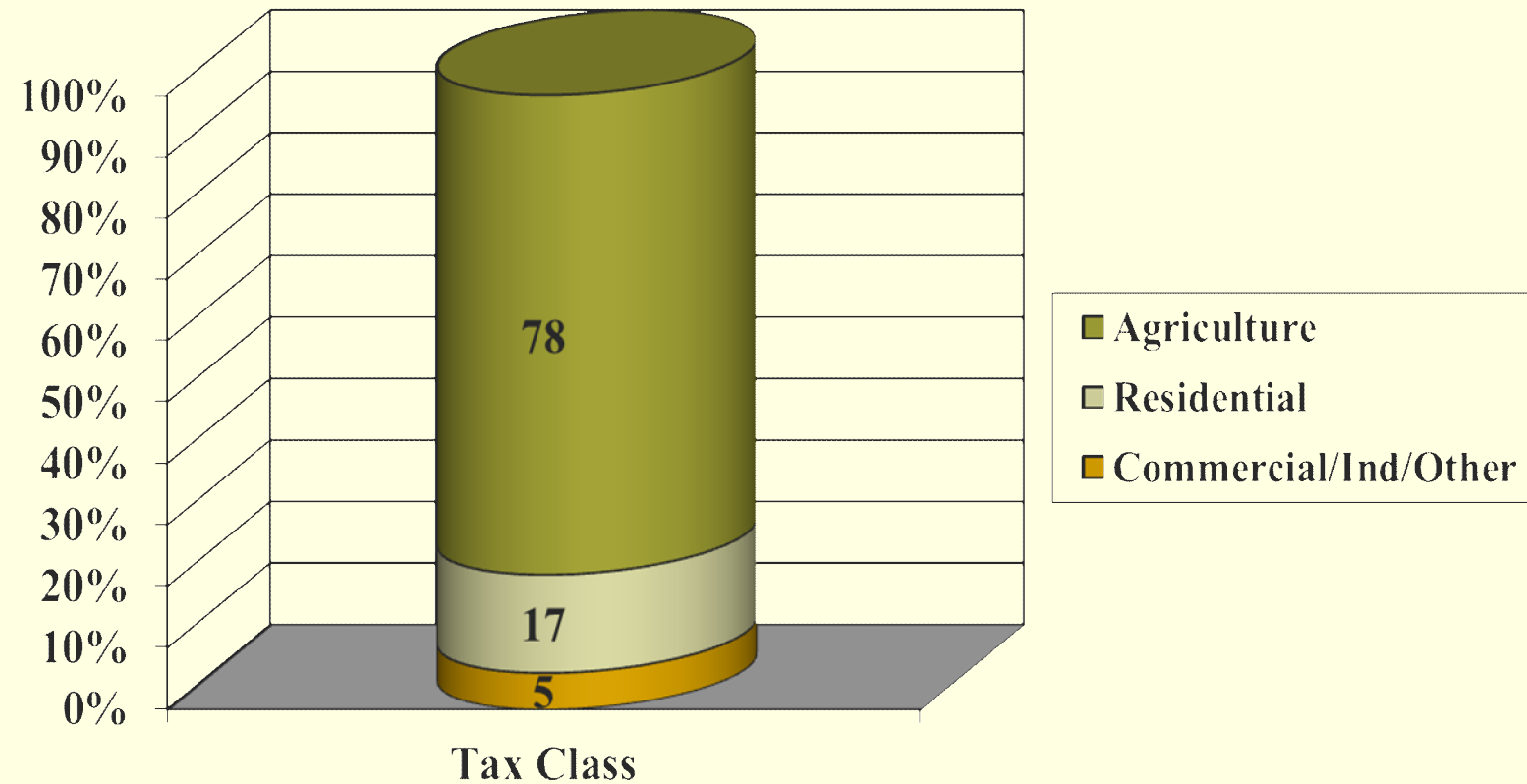
- The 2011 Legislature Repealed the Homestead Credit and Replaced with Market Value Exclusion
 - This change may have increased your taxes
 - <http://minnesota.publicradio.org/display/web/2011/10/25/video-property-taxes-increase/>

Assessment Cycle

- The Process started October 1, 2009 (that's correct 26 months ago)
- The Sales study the Assessor's office used to set the values ran from October 1, 2009 thru September 30, 2010.
- This study is used to establish the 1/2/2011 values. This is referred to as the 2011 Assessment which is used for taxes due and payable in 2012.



Estimated Market Value by Classification



IMPORTANT TO REMEMBER This is Estimated Market Value (NOT THE AMOUNT OF TAXES PAID BY CLASSIFICATION) there can be multiple adjustments to this value before the TAXABLE Market Value is determined.

Possible Adjustments to Estimated Market Value that have an effect on the amount of Taxes you are paying:

- The Commissioner of Revenue has the authority to issue “Orders” which may increase or decrease your market value. For the 2011 assessment the Commissioner of Revenue issued no Orders making adjustments to Pipestone County.
- The Market Value reduction programs of other properties in your taxing district may change, shifting taxes from one property to another. Examples of these types of programs would be This Old House or Veterans Exclusion.

Other Adjustments that have an effect on the amount of taxes you are paying:

- Properties in your taxing district may change classification or homestead status, which may cause shifting of taxes from one property to another.
- The budgets and levies for the County, City or township, School District or Special Taxing Districts, if any, may increase or decrease causing the Local tax rate for your district to change creating a tax increase or decrease.
- The State General Property tax may change. The state general property tax applies to commercial/industrial and seasonal/recreational property classes and is determined by the Commissioner of Revenue.
- The Agricultural Tier may change causing some parcels within a multiple grouping to fall to a higher tax capacity rate and causing taxes to increase for other parcels within the MP grouping.

Example of Ag Tier Change

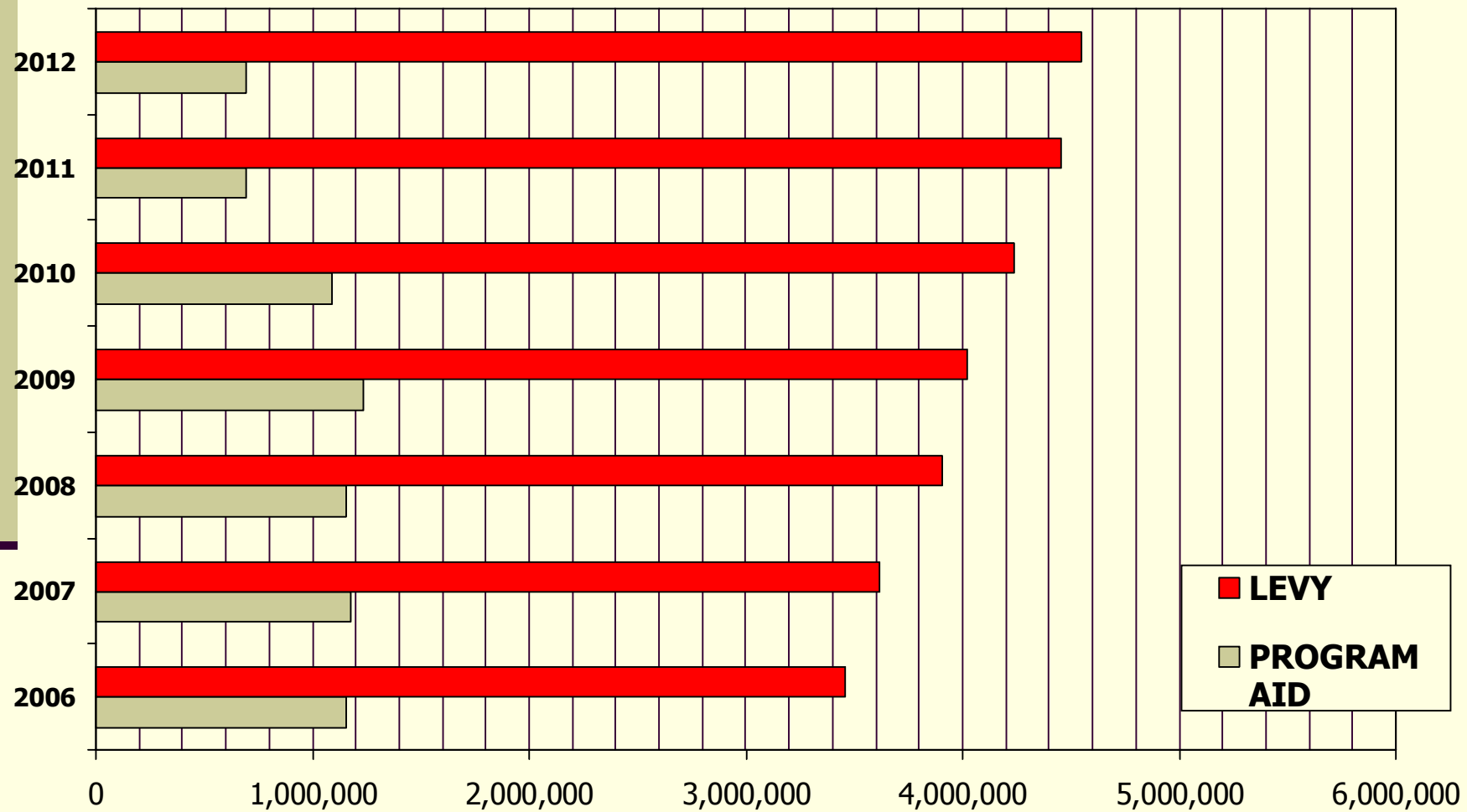
MP Group		Pay 2011	Pay 2012
		Ag Tier =\$1,140,000	Ag Tier=\$1,210,000
Parcel #1	101-1-1	689,800	758,800
Parcel #2	101-1-2	609,900	670,900
Parcel #3	101-1-3	446,300	490,900
Parcel #4	101-1-4	252,200	277,400
Parcel #5	101-1-5	<u>294,300</u>	<u>323,700</u>
		2,292,500	2,521,700
		<u>1,140,000</u>	<u>1,210,000</u>
		1,152,500	1,311,700



HISTORY OF LEVY AND PROGRAM AID AMOUNTS

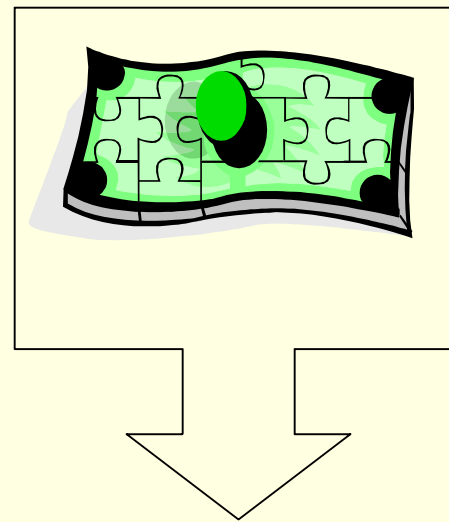
<u>TAXES PAYABLE</u>	<u>LEVY</u>	<u>PROGRAM AID</u>	<u>LEVY INCREASE /DECREASE</u>	<u>LEVY INCREASE /DECREASE %</u>	<u>PROGRAM AID INCREASE/ DECREASE</u>
1998	3,611,006	688,402	-	-	-
1999	3,409,318	690,234	-201,688	-5.59%	1,832
2000	3,572,252	740,374	162,934	4.78%	50,140
2001	3,750,662	709,859	178,410	4.99%	-30,515
2002	3,931,611	710,011	180,949	4.82%	152
2003	3,964,550	713,223	32,939	0.84%	3,212
2004	3,810,109	531,570	-154,441	-3.90%	-181,653
2005	3,208,923	1,140,471	-601,186	-15.78%	608,901
2006	3,457,278	1,154,216	248,355	7.74%	13,745
2007	3,619,681	1,174,539	162,403	4.70%	20,323
2008	3,871,193	1,155,463	287,422	6.95%	-19,076
2009	4,020,184	1,232,944	148,991	3.85%	77,481
2010	4,163,812	1,089,939	221,066	3.57%	-143,005
2011	4,372,003	691,843	208,191	5.00%	-398,096

HISTORY OF LEVY AND PROGRAM AID AMOUNTS



History of Low Tax Increases

Since 1998
Pipestone
County's
Average
Levy
Increase is
1.69%

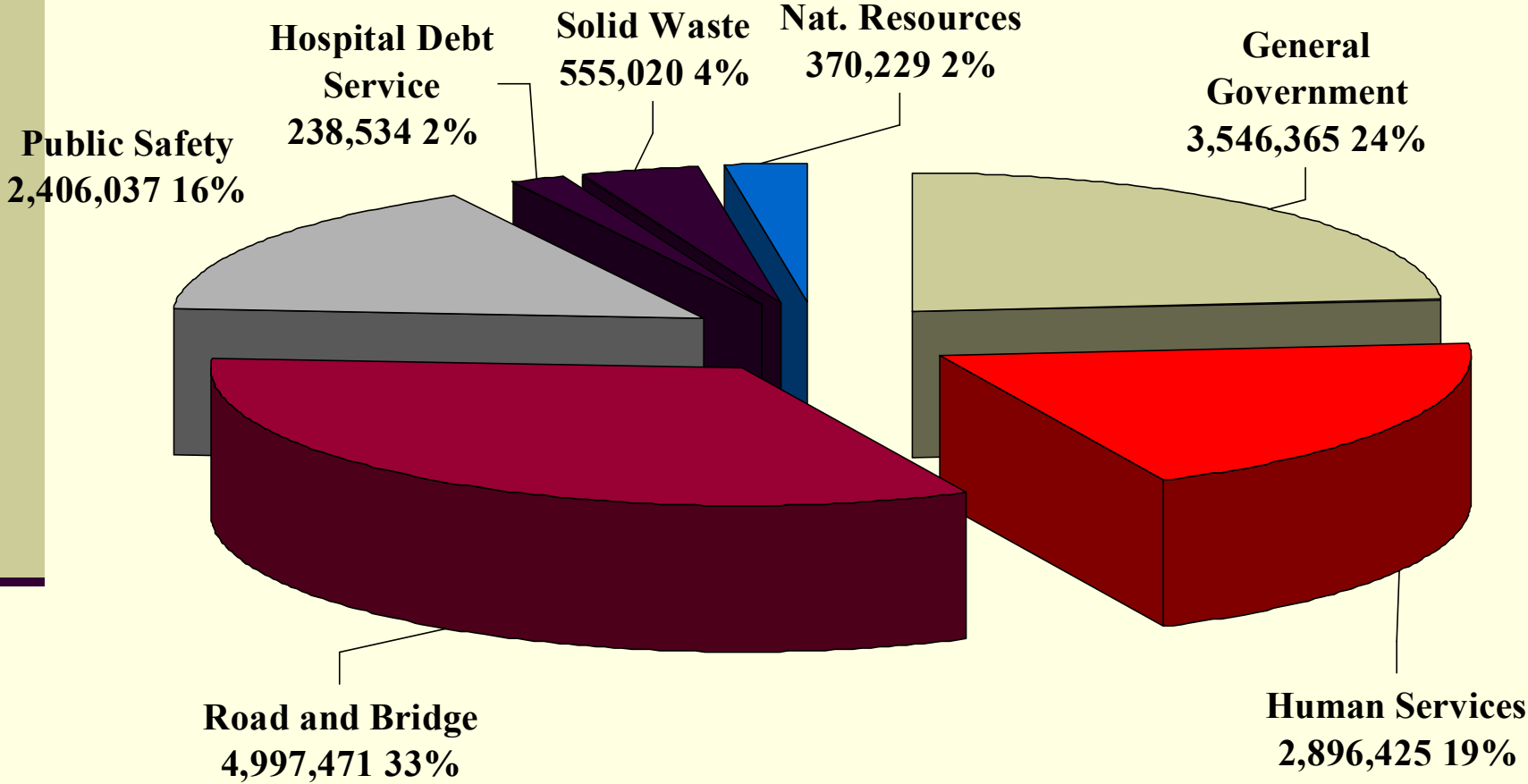


Comparison of Taxes Per Capita

County	Preliminary Levy	Population	Taxes Per Capita
Rock	\$ 4,615,839	9687	\$476.50
Pipestone	\$ 4,590,605	9596	\$478.39
Lincoln	\$ 4,640,419	5896	\$787.05
Lyon	\$ 12,235,000	25857	\$473.18
Murray	\$ 5,519,260	8725	\$632.58
Nobles	\$ 10,491,040	21378	\$490.74
Jackson	\$ 8,702,859	10266	\$847.74
Cottonwood	\$ 7,161,752	11687	\$612.80
Redwood	\$ 10,584,934	16059	\$659.13

2012 EXPENDITURES

\$15,011,020

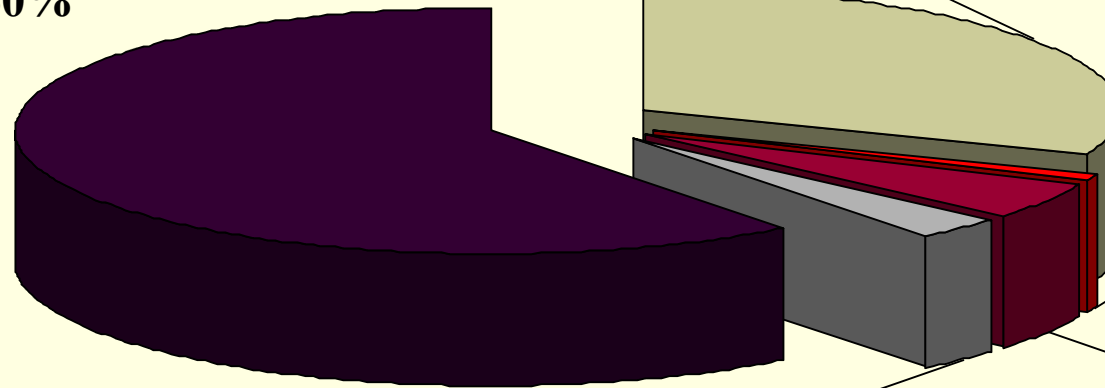


2012 REVENUES \$14,746,466

**Other Taxes,
Federal State
Revenue,
8,932,639, 60%**

**Tax Levy,
4,546,884, 31%**

**Investment
Earnings,
135,000, 1%**

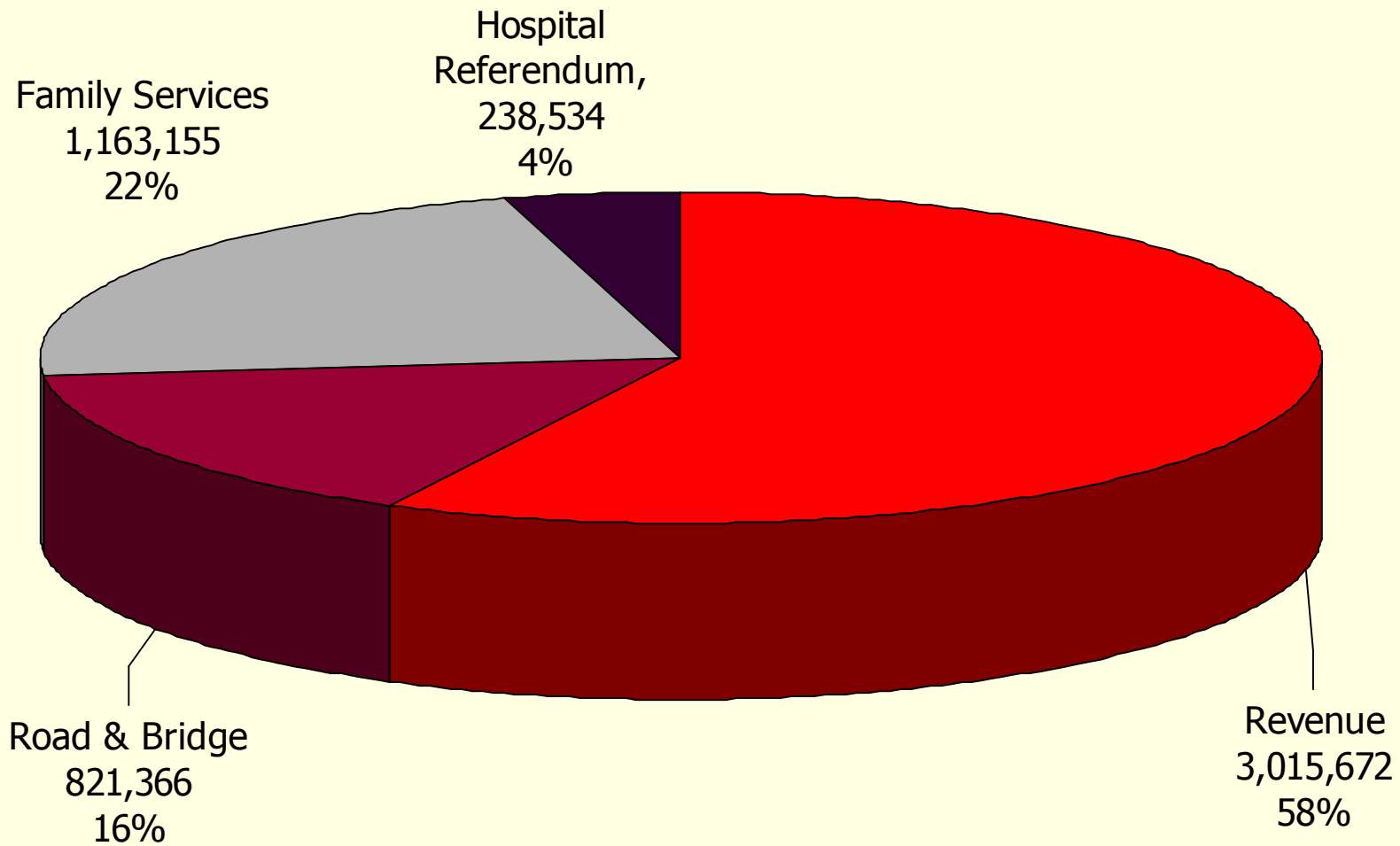


**Wind Energy,
440,000, 3%**

**Progam Aid,
691,843, 5%**

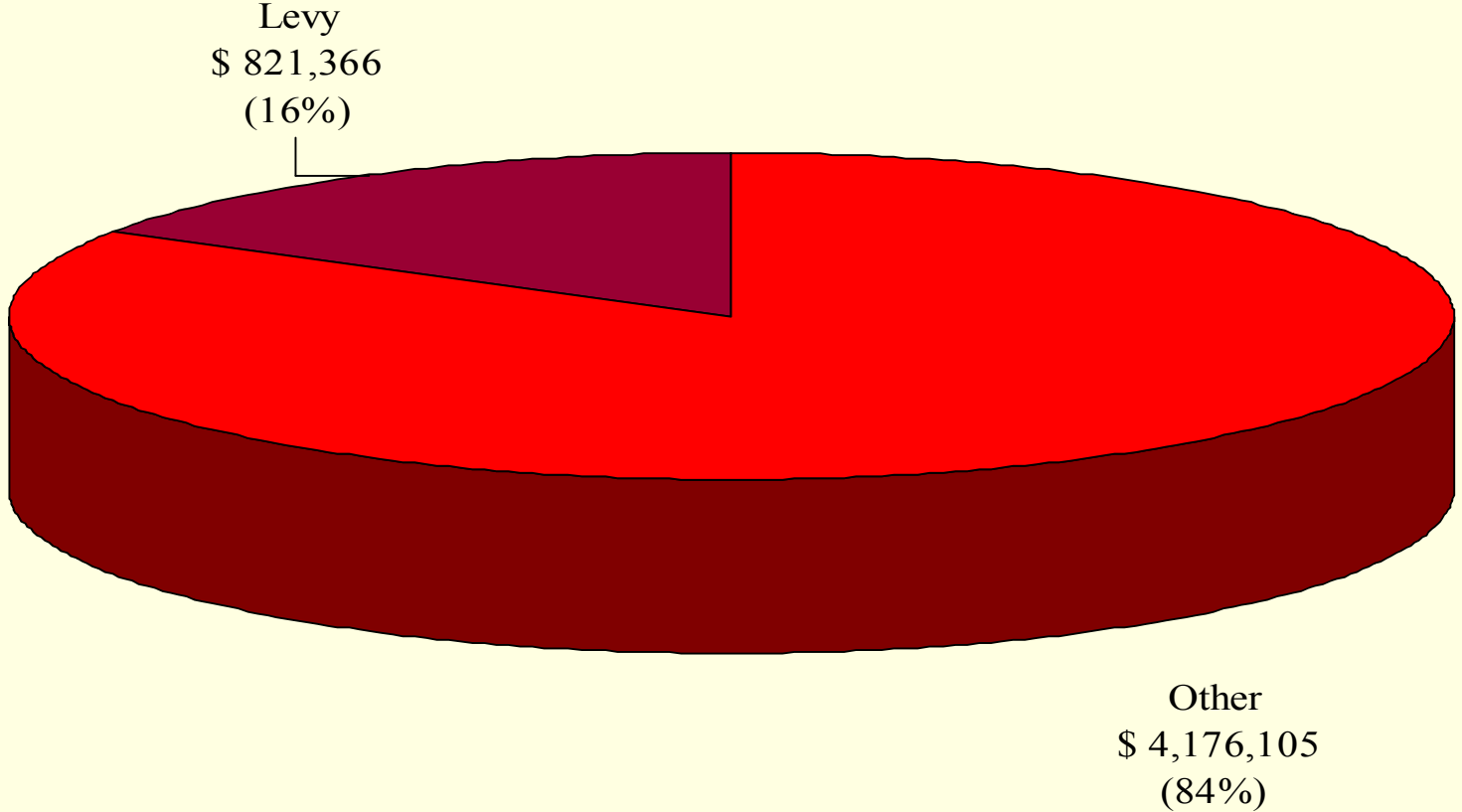
Property Taxes By Fund

Taxes Payable 2012*

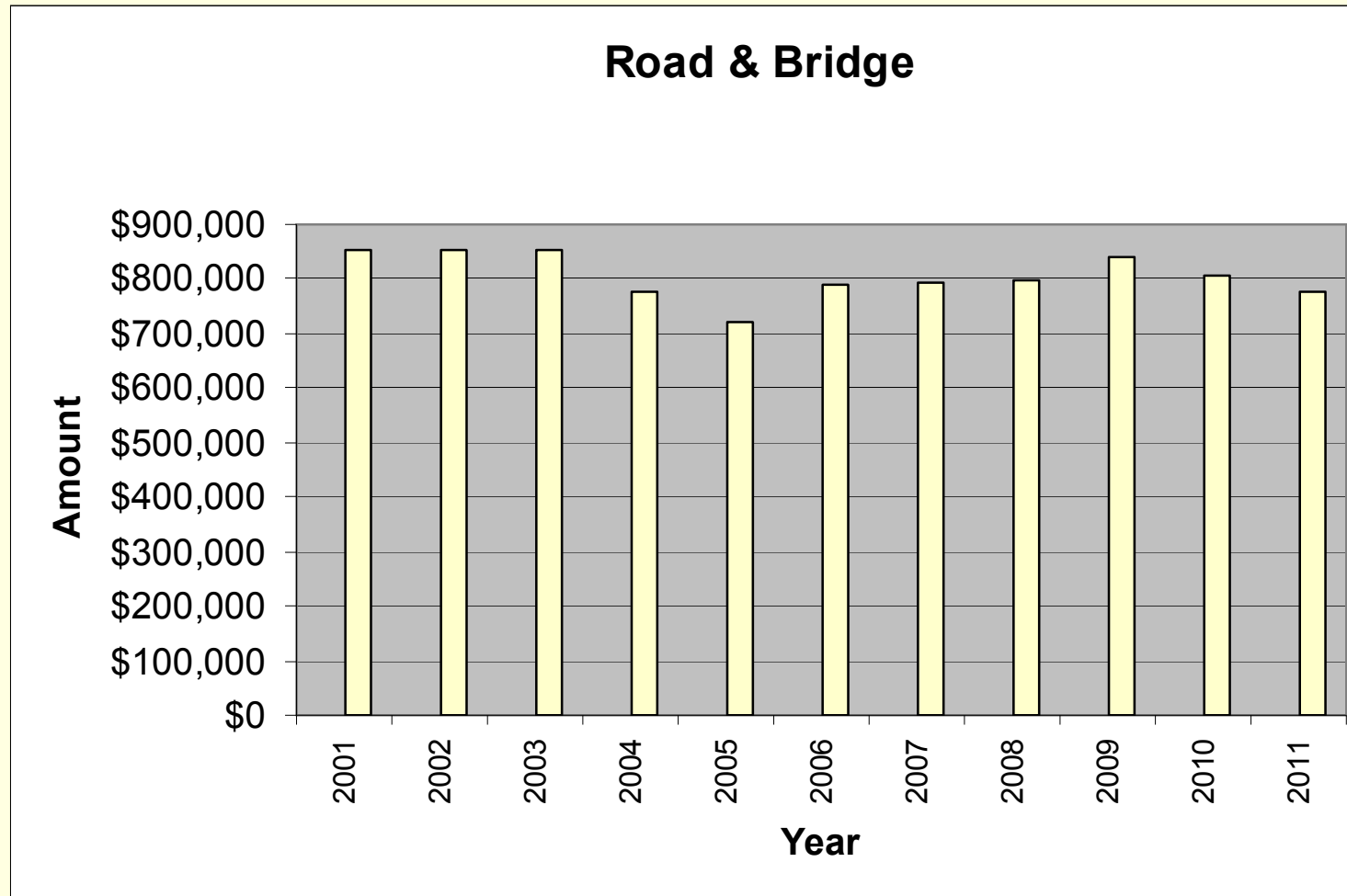


*Prior to Program Aid

2012 Proposed Road and Bridge Funding Revenue Sources



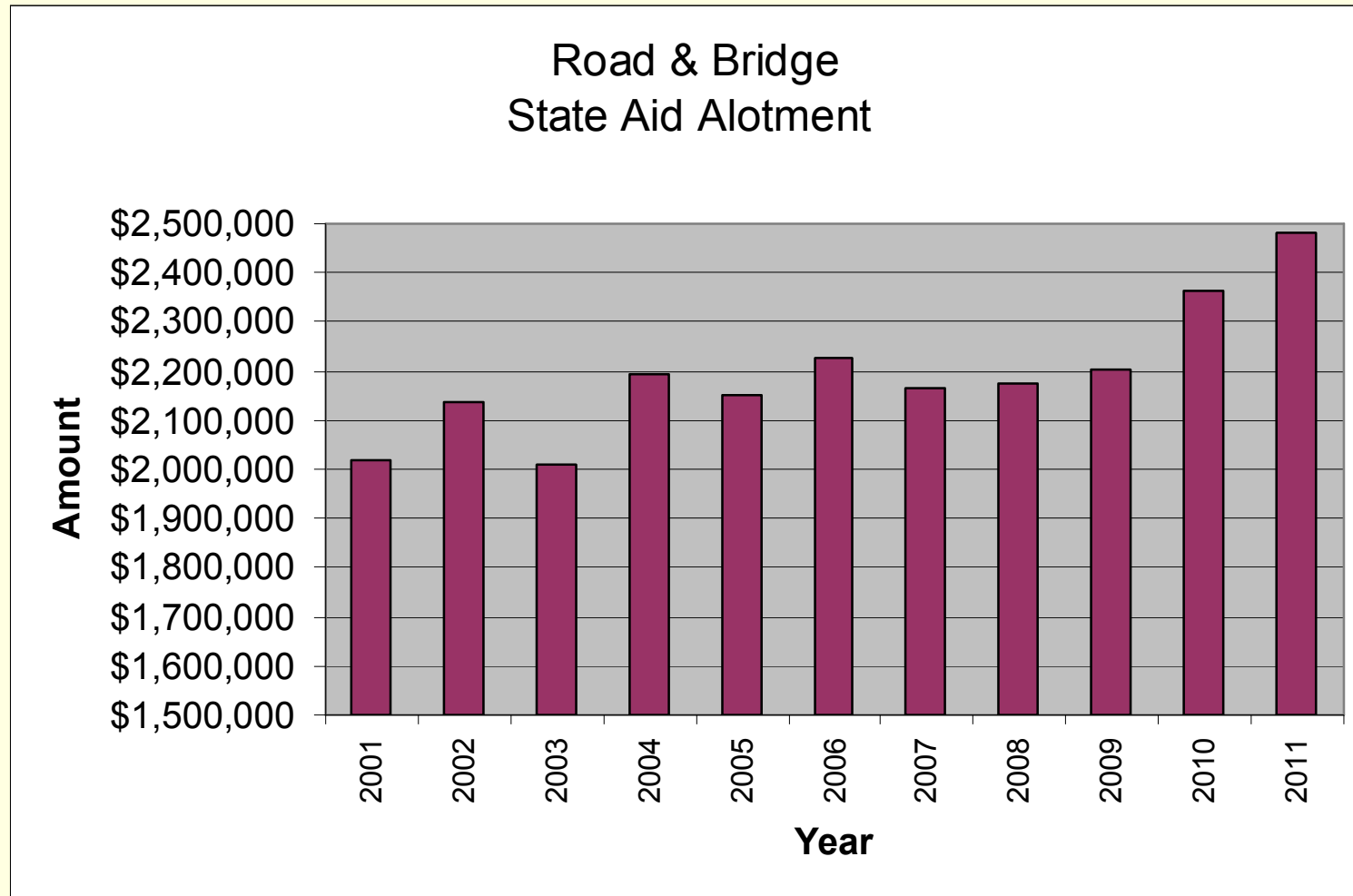
LEVY/PROGRAM AID AMOUNTS for Road & Bridge



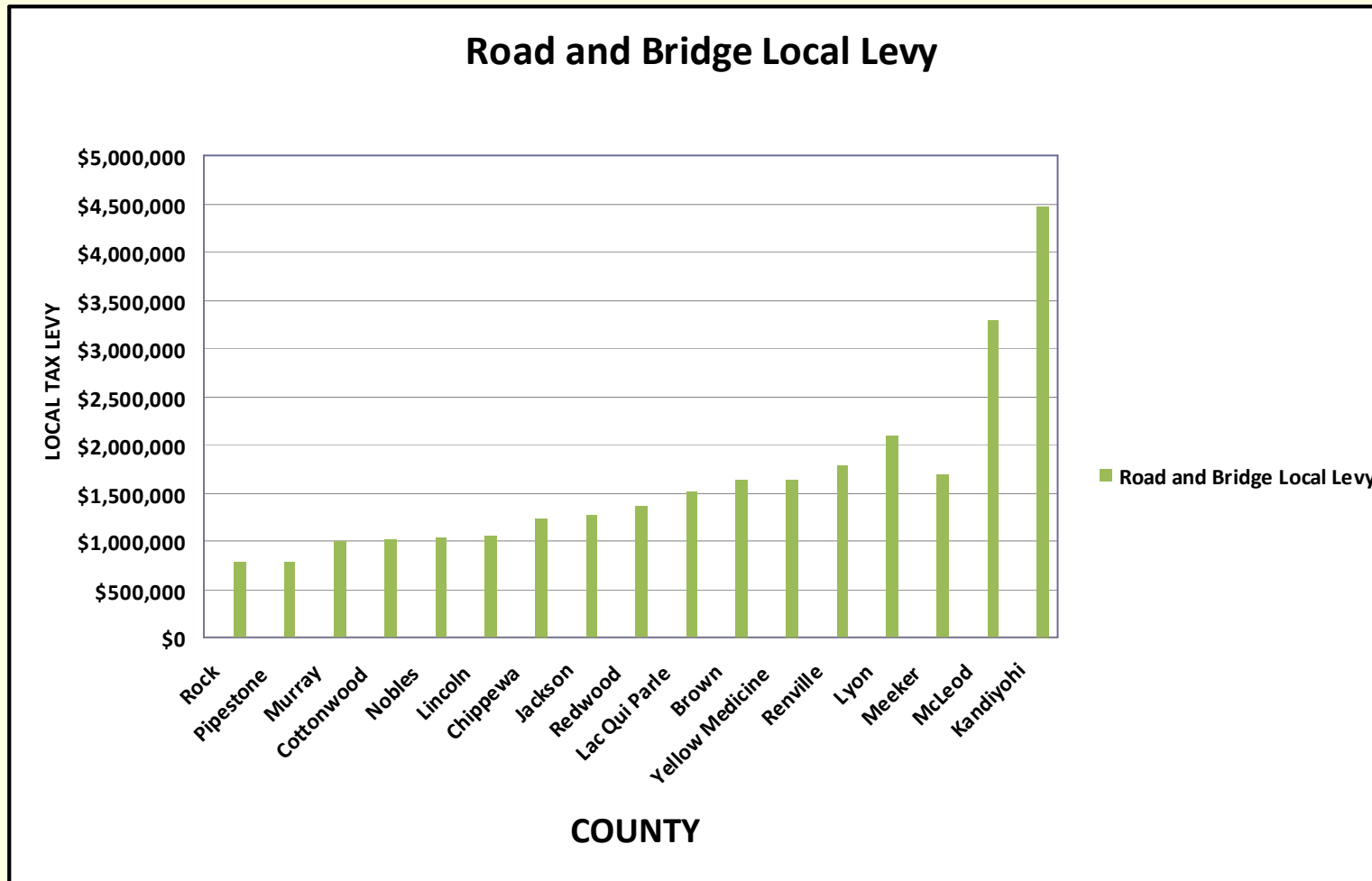
Increase in expenses...

- Diesel Fuel cost in 2001.....\$1.30 per gallon
- Diesel Fuel cost in 2011.....\$4.00 per gallon
- Blacktop cost in 2001.....\$22 per ton
- Blacktop cost in 2011.....\$54 per ton
- Road Salt cost in 2001.....\$ 40 per ton
- Road Salt cost in 2011.....\$ 82 per ton

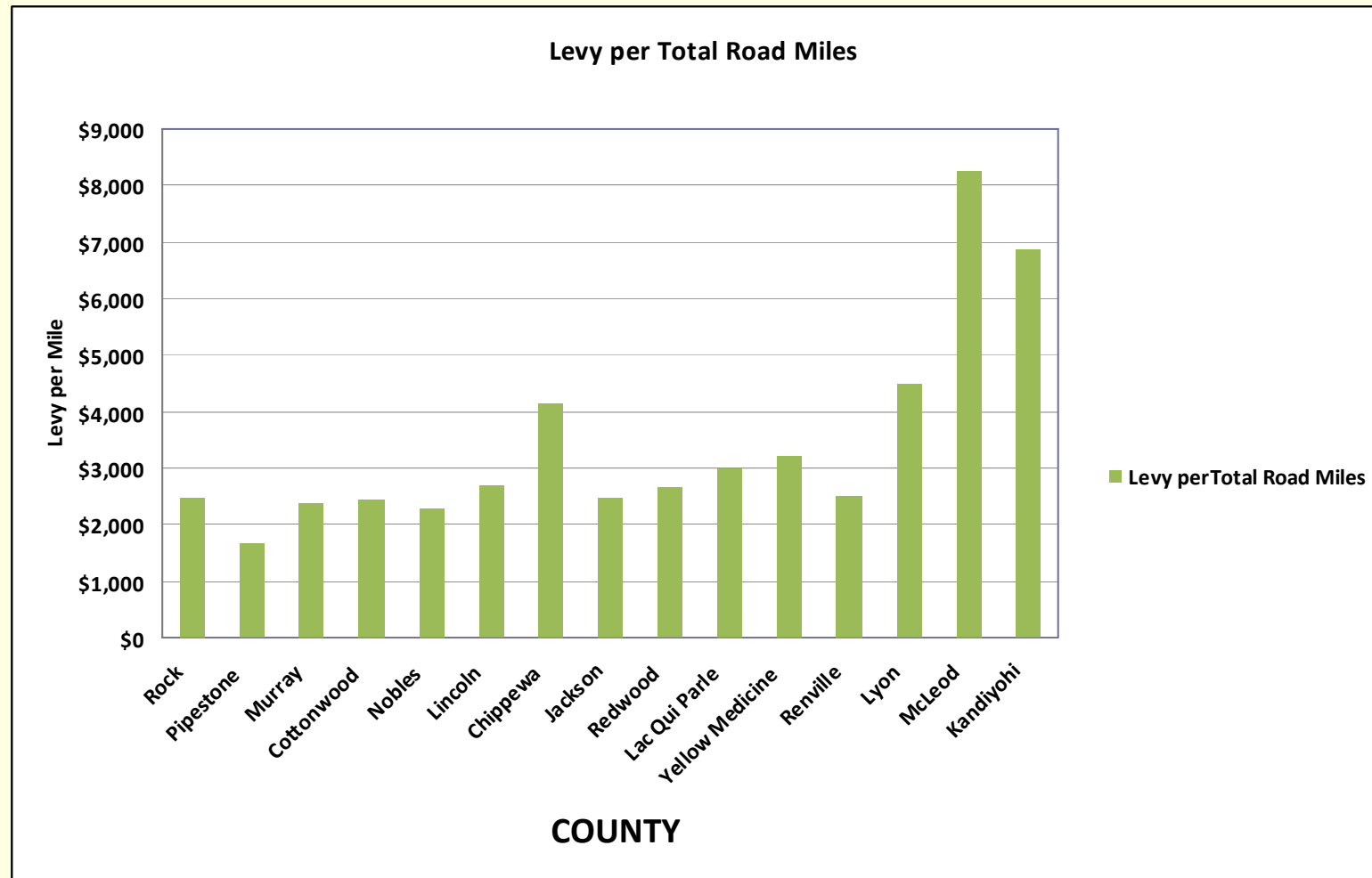
STATE AID ALLOTMENTS for Road & Bridge



How does Pipestone County Road & Bridge compare to other Counties?



How does Pipestone County Road & Bridge compare to other Counties?



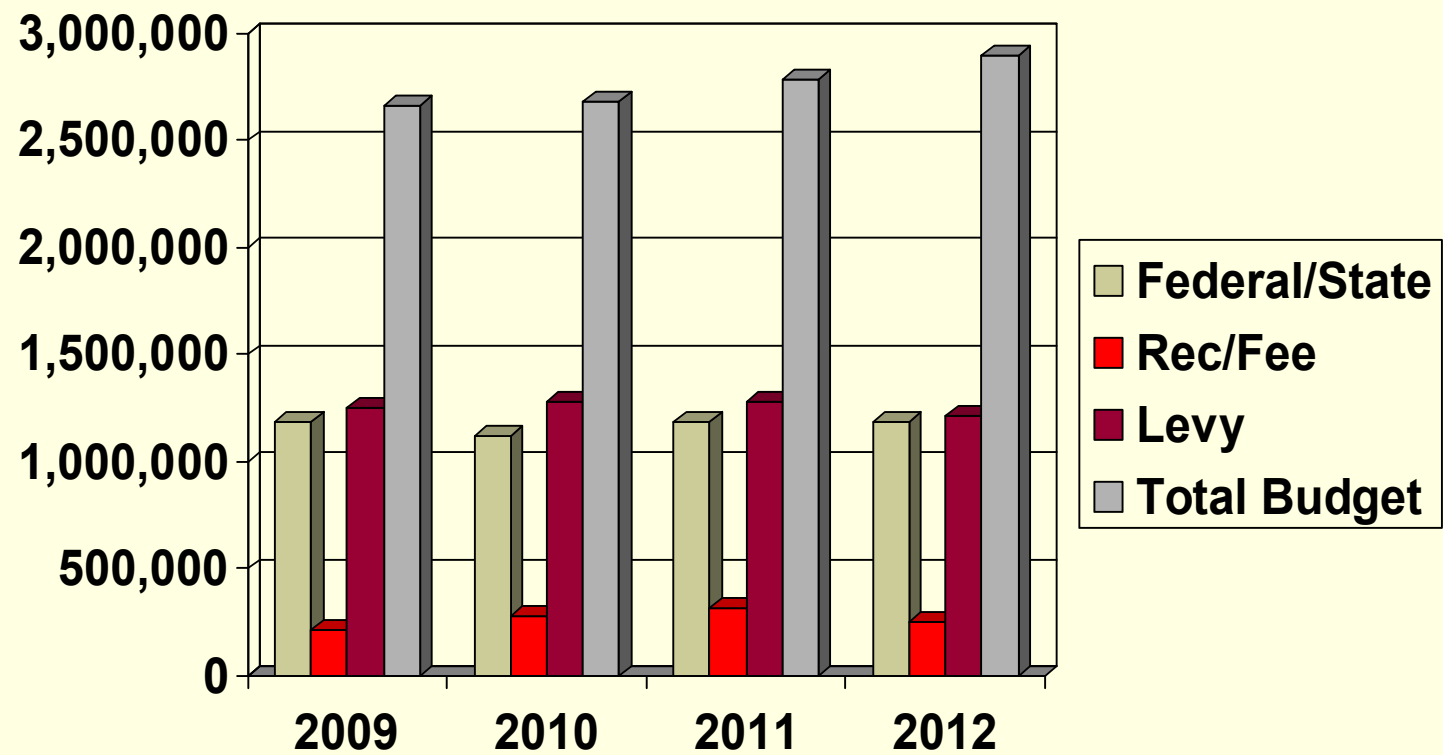
Pipestone County Family Services 2012 Budget

- 21 Staff
- 3 Contracts for Supervision
- 7 Program Areas
- 2,500+ Cases/Clients Served
- Total Budget \$**2,896,425**
- County Levy \$**1,163,155**
- State & Federal Revenues
\$**1,191,074**

2012 FSA Budget Summary

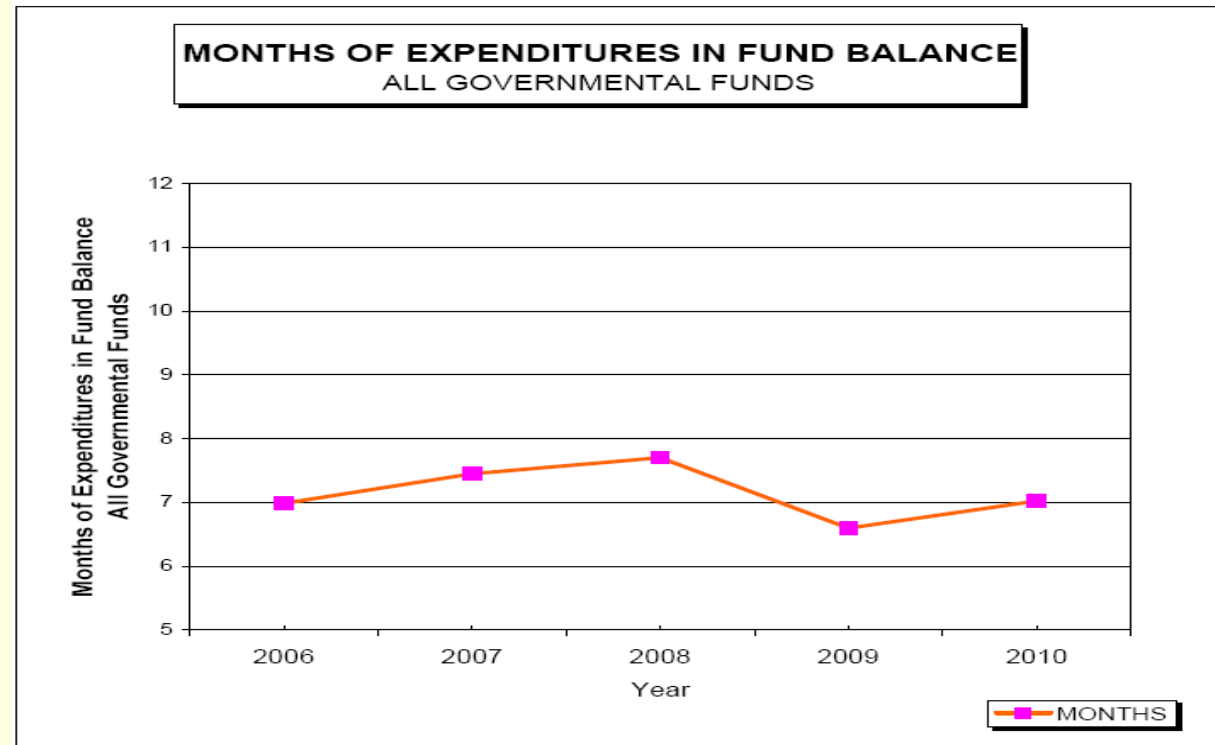
Program	Budget (Net)
Administrative Expenses	\$1,635,575
Adult Services	\$ 31,600
Children's Services	\$ 236,000
Chemical Dependency	\$ 60,500
Child Care/Emp	\$ 93,000
Developmental Disability Services	\$ 47,000
Mental Health	\$ 474,600
Tax and Aids	\$ 1,213,747
Total Budget Expense	\$2,896,425
Total Budget Revenue	\$2,794,521
Reserves	\$101,904

Funding Sources



Maintaining Reserves

YEAR	MONTHS
2006	6.98
2007	7.45
2008	7.70
2009	6.60
2010	7.02





Questions?