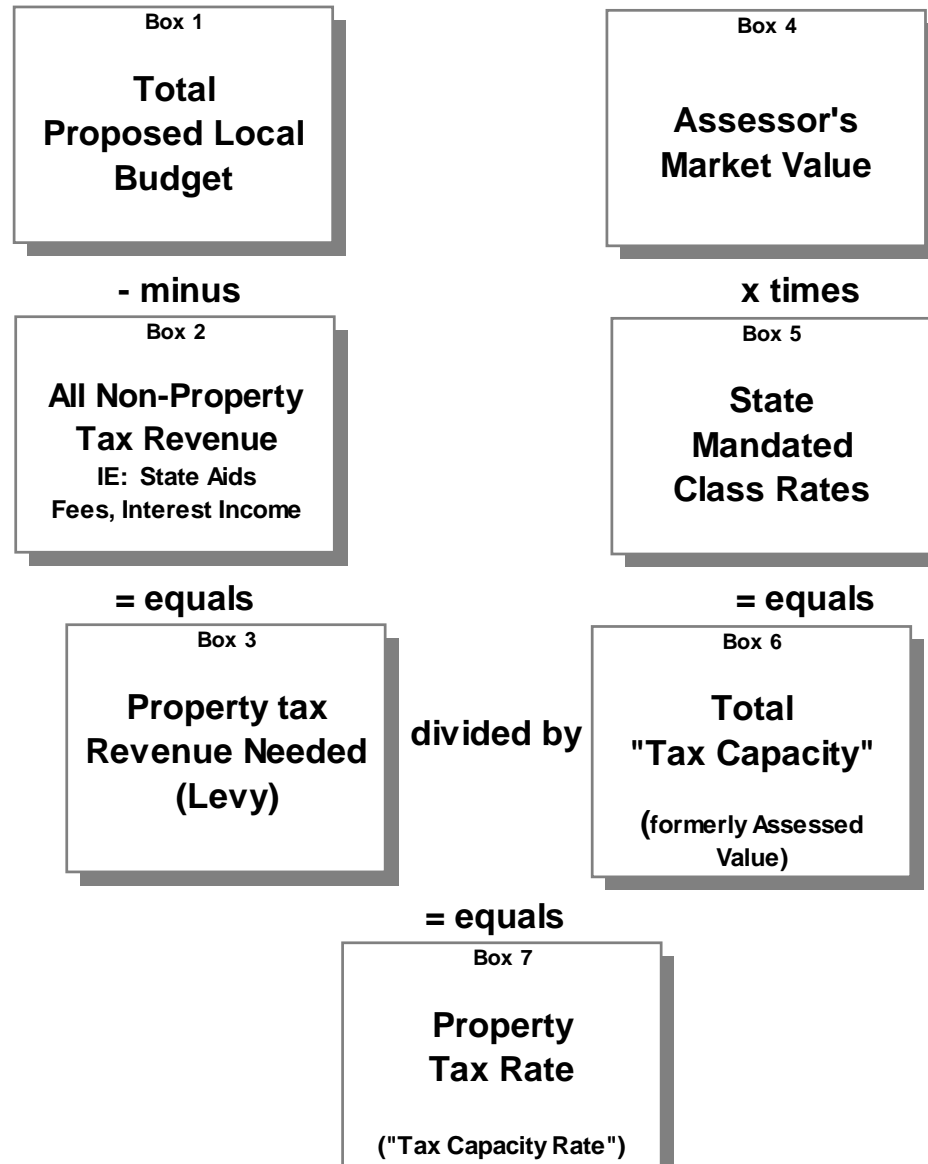




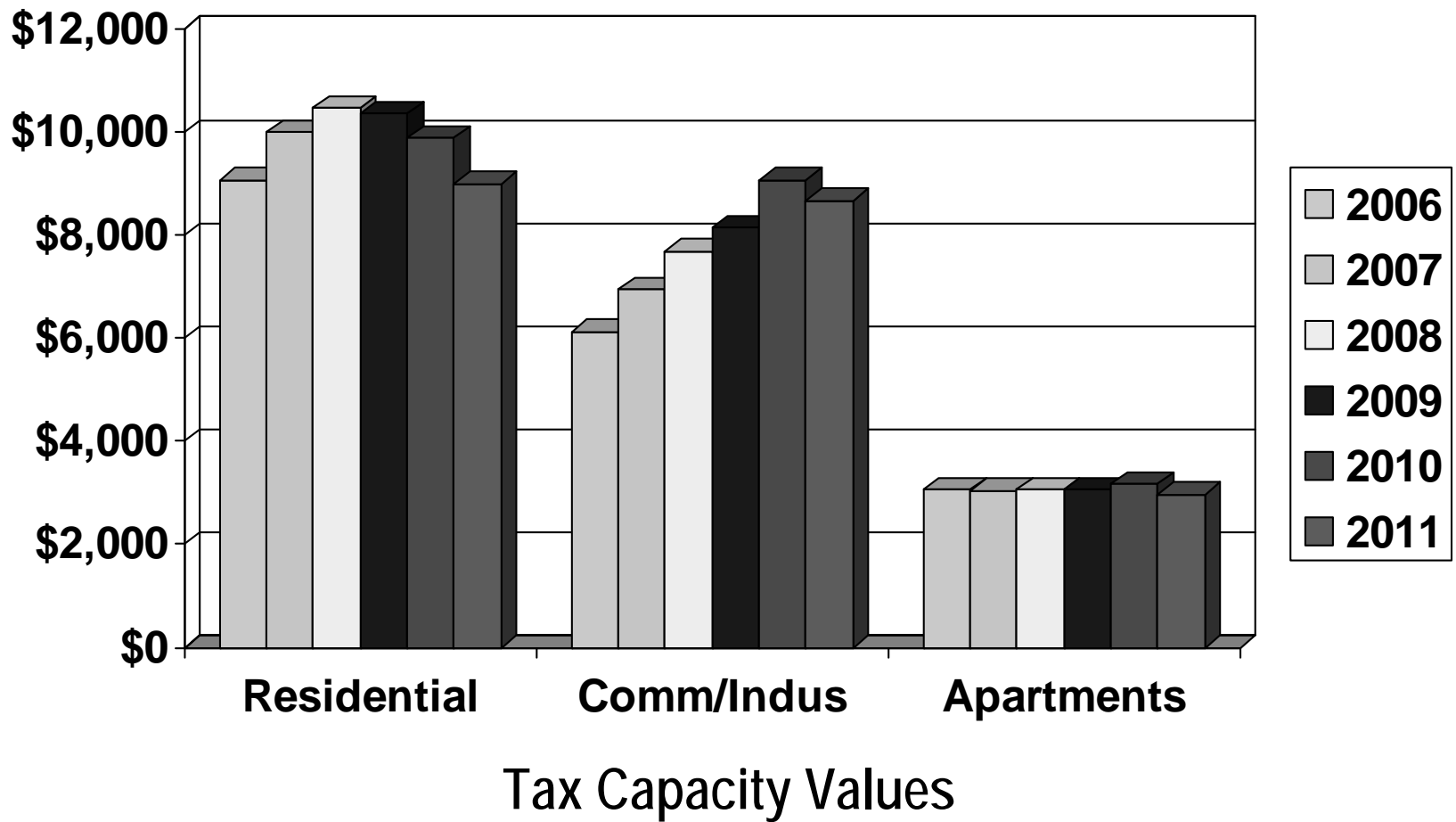
2011 Levy and Budget

December 21, 2010

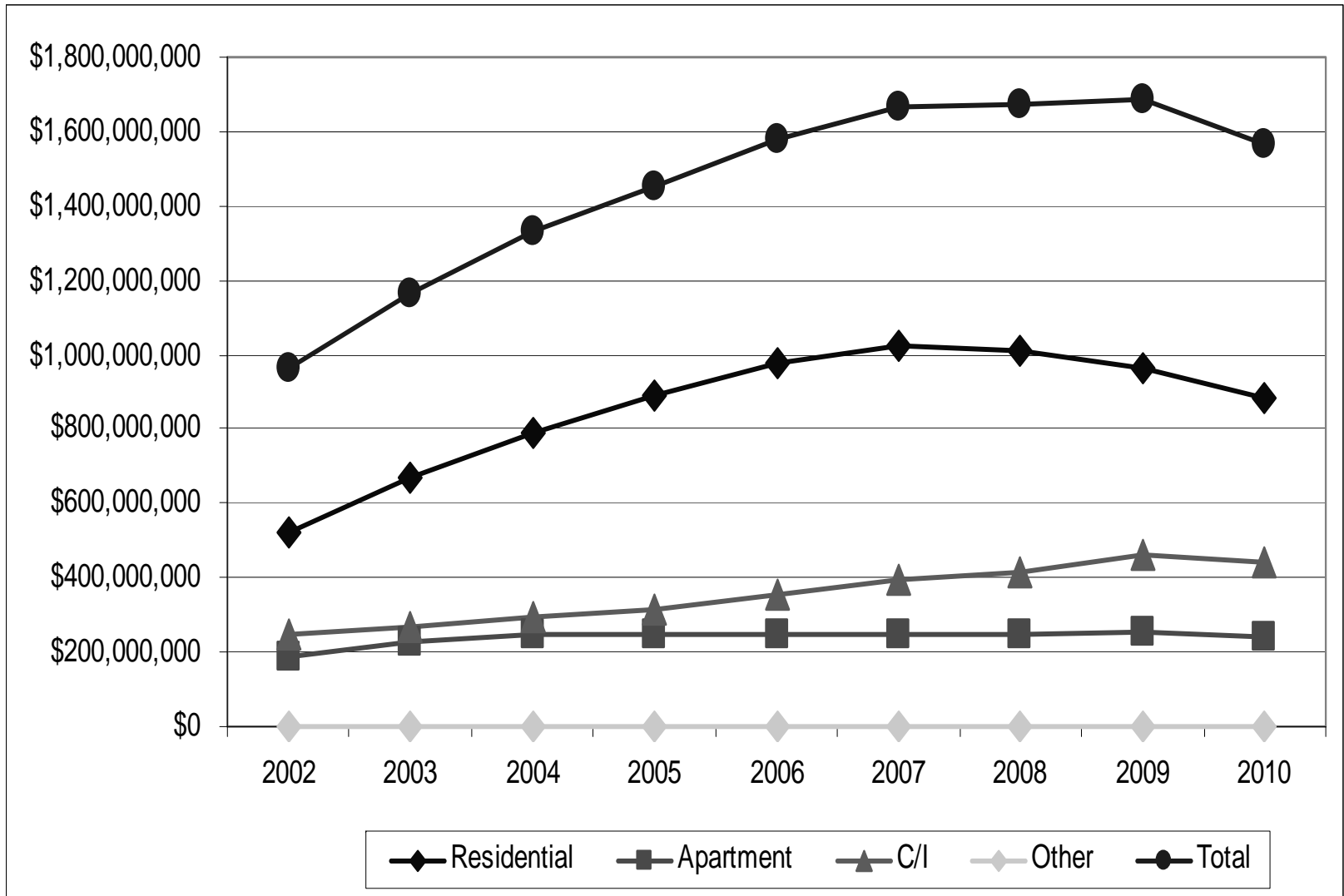
How Your City and County Property Taxes Are Determined



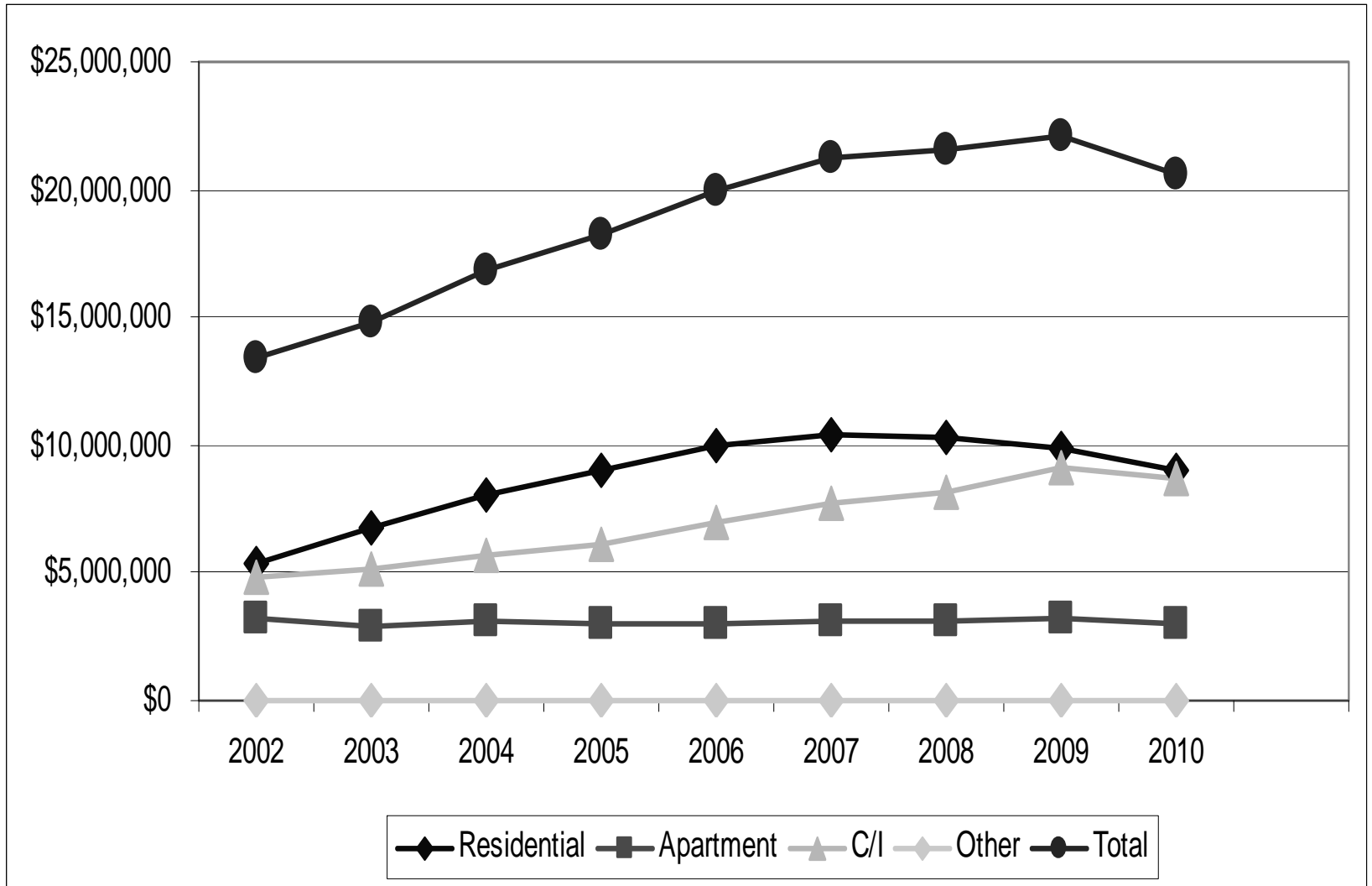
Tax Shift



Market Values



Tax Capacity Comparison




Smart Growth and Development

Highest Tax Capacity Per Acres Cities				
		2009 Total	2009 Tax	
City	Acres	Tax Capacity	Cap/Acre	Rank
Minneapolis	36,726	\$482,224,534	\$13,130	1
Edina	10,225	\$122,532,149	\$11,983	2
St. Louis Park	6,914	\$69,704,858	\$10,082	3
Spring Park	387	\$3,594,331	\$9,281	4
Richfield	4,455	\$39,122,878	\$8,782	5
Excelsior	554	\$4,838,446	\$8,733	6
Hopkins	2,616	\$21,687,774	\$8,290	7



Tax Increment Financing

- ✱ Decertification of TIF District 2-1
- ✱ Added over \$521,000 to the tax base
- ✱ Spreads taxes over a greater value
- ✱ Reduces taxes for all taxpayers



Effect of TIF 2-1 Decertification

- ✱ Proposed Tax Rate = 55.673%
- ✱ Rate if TIF 2-1 had NOT been decertified = 57.561%
- ✱ Lowered tax rate by 1.888%
- ✱ On a home valued at \$225,000 this equates to \$43 less in CITY taxes



Fiscal Disparities

- ✱ Spreads commercial growth among all metro cities and benefits cities that are not experiencing commercial growth
- ✱ Hopkins had been a net “gainer” – we received more than we contributed
- ✱ Hopkins is now a net “contributor” – meaning we contribute more that we receive
- ✱ Results in higher tax rate

Fiscal Disparities Changes

- ✱ Changes in the Fiscal Disparities Program affects the tax rate for Hopkins properties.

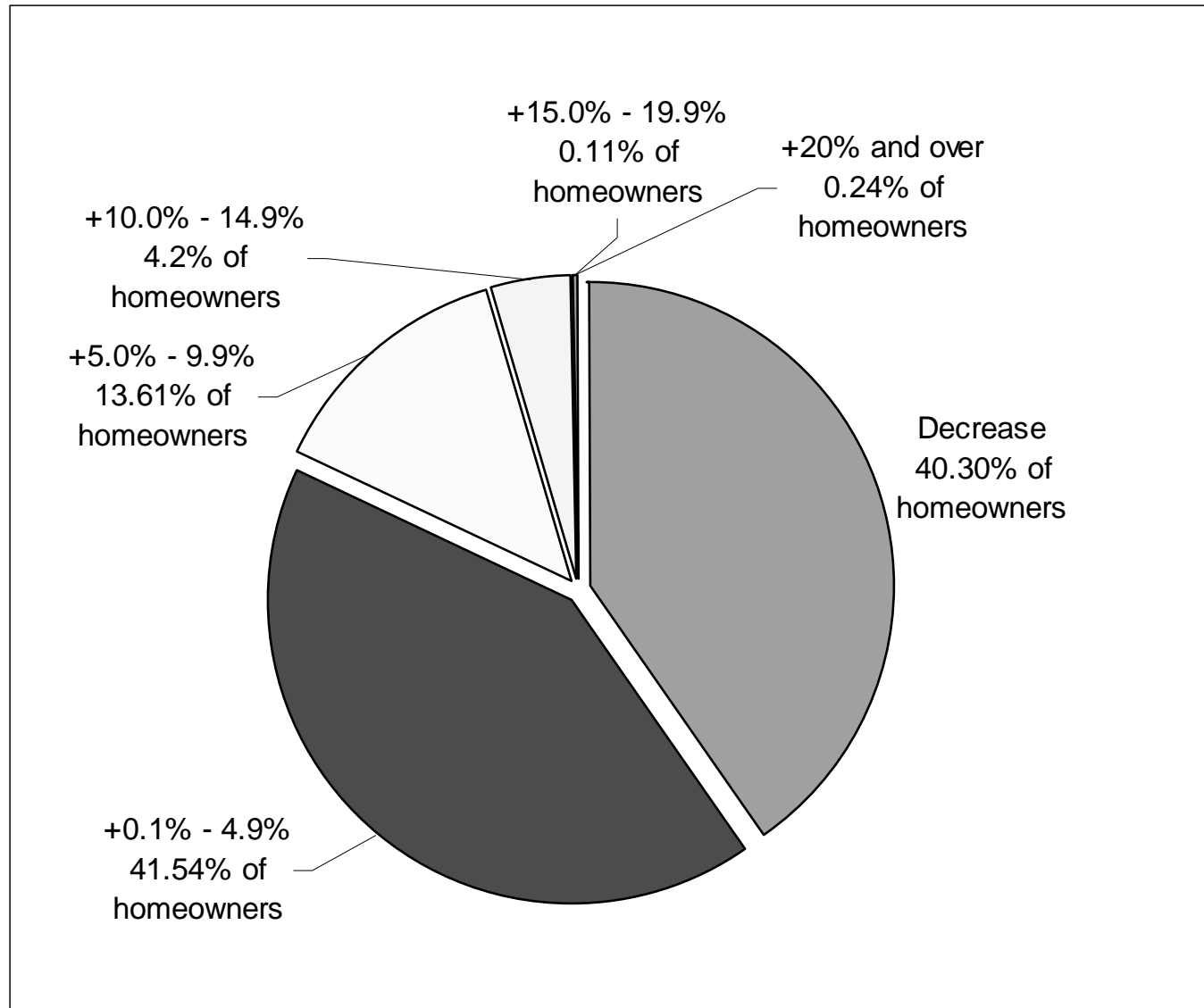
<u>Year</u>	<u>Contribution</u>	<u>Distribution</u>	<u>Net Gain/(Loss)</u>
2011	3,324,078	2,645,025	(679,053)
2010	2,858,921	2,913,208	54,287
2009	2,766,202	2,840,070	73,868
2008	2,450,063	2,405,483	(44,580)
2007	2,116,466	1,997,455	(119,011)
2006	1,952,996	1,836,753	(116,243)
2005	1,526,509	1,673,106	146,597



Fiscal Disparities Effect

- ✿ Proposed Tax Rate = 55.673%
- ✿ Rate if Fiscal Disparities had remained the same as 2010 = 53.508%
- ✿ Effect – increased tax rate by 2.165
- ✿ On a home valued at \$225,000 this equates to \$50 more in CITY taxes

RESIDENTIAL PROPERTIES TAX CHANGES FROM 2010



2011 Tax Levy

Purpose	2009	2010	2011 Net Levy Proposed
General Operations			
General Fund	\$ 8,160,614	\$ 8,384,010	\$ 8,539,064
Capital Levy	100,000	-	\$ 100,000
	\$ 8,260,614	\$ 8,384,010	\$ 8,639,064
Special Levies:			
PERA Levy	35,500	35,500	35,500
MVHC Levy	-	239,175	222,850
Subtotal Special Levies - Other	\$ 35,500	\$ 274,675	\$ 258,350
Debt Levies:			
1999D GO Perm Impr Revolving Bonds	26,000	-	-
2001 GO Refunding Bonds - Park & Rec	130,000	108,000	-
2002B GO Improv Revolving Bonds	59,000	59,000	59,000
2003 HRA Revenue Bonds	225,000	200,000	200,000
2007B GO Improv Revolving Bonds	175,000	185,000	172,000
2007 Capital Improvement Bonds	642,000	715,000	710,000
2010A GO Improvement Bonds	-	-	100,000
Subtotal - Debt Levies	\$ 1,257,000	\$ 1,267,000	\$ 1,241,000
Subtotal Special Levies	\$ 1,292,500	\$ 1,541,675	\$ 1,499,350
TOTAL LEVIES	\$ 9,553,114	\$ 9,925,685	\$ 10,138,414
Increase over prior year	\$ 358,734	\$ 372,571	\$ 212,729
Percentage Incr (Decr) - Total	3.90%	3.90%	2.14%

Tax Levy Changes

General Levy Increase	\$155,054
Capital Levy Reinstated	100,000
Special Levy Decrease (For MVHC unallotment)	(16,325)
Debt Levy Decrease	<u>(26,000)</u>
Total Levy Change	\$212,729



2011 General Fund Budget and Levy

General Fund Budget

\$10,299,327

This is an increase from the 2010 budget of 2.25%.

2011 Levy

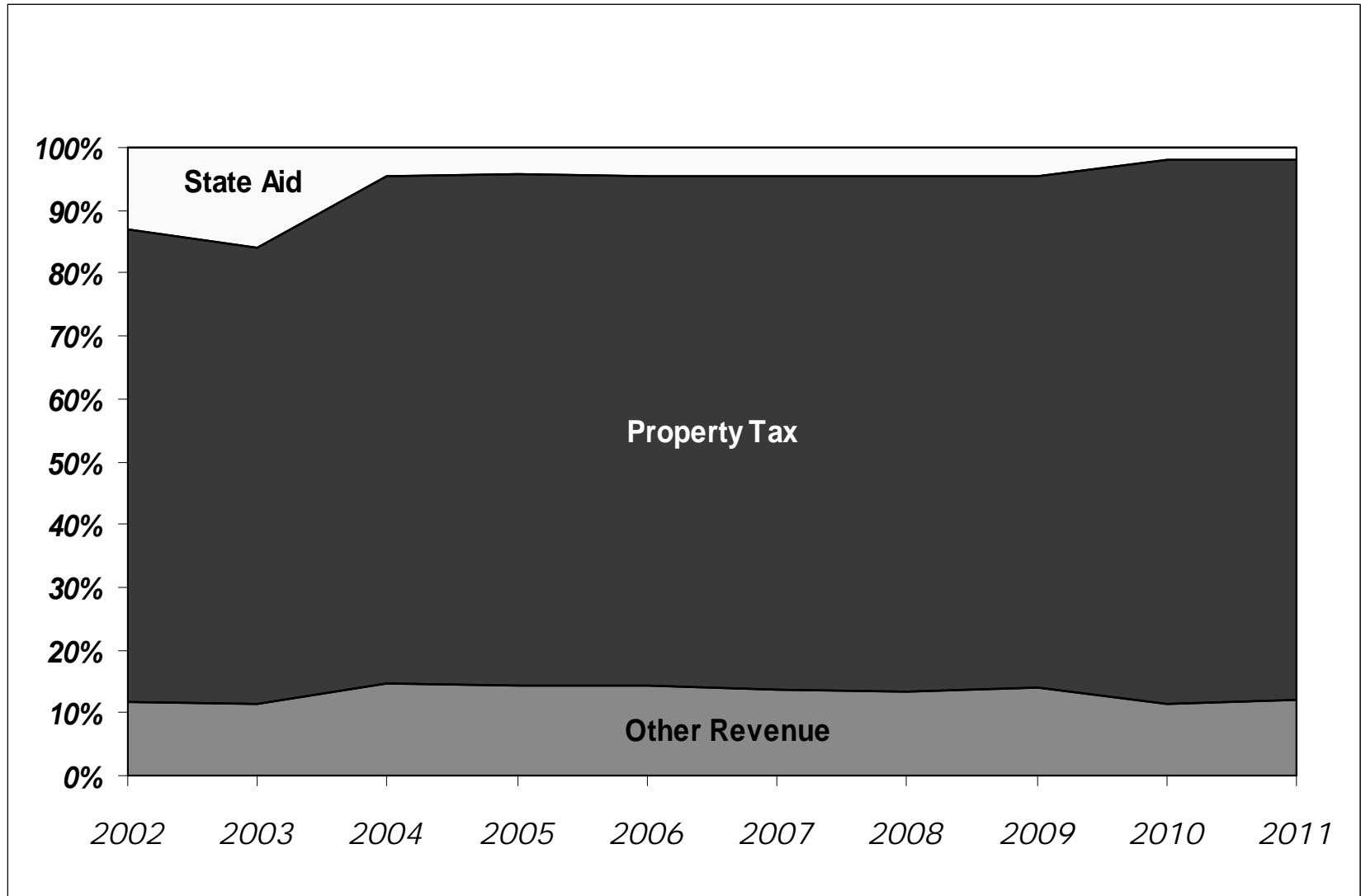
\$10,138,414

This is an increase over the current year's levy of \$212,729 or 2.14% and no change from the preliminary certified levy.

Revenue Budget

General Fund	2010 Budget	2011 Budget	% Incr/(Decr)
Property Taxes	\$ 8,470,018	\$ 8,630,584	1.90%
Intergovernmental Revenue	440,725	442,070	0.31%
Licenses, Permits & Fees	632,910	544,790	-13.92%
Charges for Service	140,150	161,200	15.02%
Miscellaneous Revenue	314,400	314,900	0.16%
Interest Earnings	75,000	75,000	0.00%
Use of 2009 Savings	-	130,803	0.00%
Total Revenues	\$ 10,073,203	\$ 10,299,347	2.25%

General Fund – Sources of Revenue



Expenditure Budget

General Fund	2010 Budget	2011 Budget	Budget % Incr/(Decr)
City Council	\$ 73,147	\$ 71,547	-2.19%
Administrative Services	433,314	451,670	4.24%
Finance	190,039	203,243	6.95%
Legal	135,000	135,000	0.00%
Municipal Building	306,284	294,818	-3.74%
Receptionist	46,576	44,172	-5.16%
Assessing	168,065	167,236	-0.49%
City Clerk	107,958	99,415	-7.91%
Inspections	599,705	616,607	2.82%
Police	4,366,178	4,484,387	2.71%
Fire	794,517	838,258	5.51%
Public Works	2,146,475	2,174,400	1.30%
Recreation	197,640	199,721	1.05%
Activity Center	326,418	333,471	2.16%
Planning & Zoning	121,687	125,182	2.87%
Other Financing Uses	60,000	60,200	0.33%
Total Expenditures	\$ 10,073,003	\$ 10,299,327	2.25%

General Fund Budget Three Year Comparison

<u>Year</u>	<u>Budget</u>	<u>Incr/Decr</u>	<u>% Change</u>
2009	\$ 10,075,492		
2010	\$ 10,073,003	\$ (2,489)	-0.02%
2011	\$ 10,299,327	\$ 226,324	2.25%

Change over three year period = 2.22%

Average change over three years is less than 1% per year



General Fund Budget Expenditure Solutions Over Last Two Years

- ✱ Wage freezes
- ✱ Debt Savings/Refinancing
- ✱ Delayed hiring of vacant positions
- ✱ Eliminated non-critical capital items
- ✱ “Every little bit adds up” – small cuts across all city departments



Savings & Efficiencies

✱ Grants/Donations

Over \$5.0 Million Since 2005



Savings & Efficiencies

★ Innovation

- ★ Partnerships- Hopkins School District, Hennepin County, Neighboring Cities, Three Rivers Park District, Watershed Districts, etc.
- ★ “Go Green”
- ★ 2009 Budget Savings Lowered the 2011 Budget - \$130,000



Savings & Efficiencies

★ Go Green

- ★ Implemented police vehicle fuel monitoring system to save on fuel costs
- ★ Building and Facility Changes have saved over \$15,000 annually
- ★ Organics recycling
- ★ Scanning of documents to digital storage
- ★ Paperless Packets
- ★ LED Lighting Improvements



Budget Challenges

- ✱ Loss of significant revenue sources
 - ✱ MVHC
 - ✱ Inspection revenues
 - ✱ Decline in investment income
- ✱ Health care costs
- ✱ PERA rate increase – state mandated
- ✱ Inflation
 - ✱ Energy costs
 - ✱ Fuel & fuel related projects
 - ✱ Property & liability insurance



Long-Range Planning


- ✱ Capital Improvement Plan

- ✱ Equipment Replacement Plan

Both are 20 year plans for major expenditures

- ✱ Focus is on next 5 years

- ✱ Allows us to plan for funding of major projects and equipment purchases



Looking Ahead 2010-2011

- ✱ Look for additional savings & efficiencies
- ✱ Evaluate programs
- ✱ Evaluate services
- ✱ Evaluate projects

Analysis of Average Valued Home

✱ 2011 Home Valued at = \$225,000

✱ Assuming constant market value

✱ 2010 City Taxes \$1,102

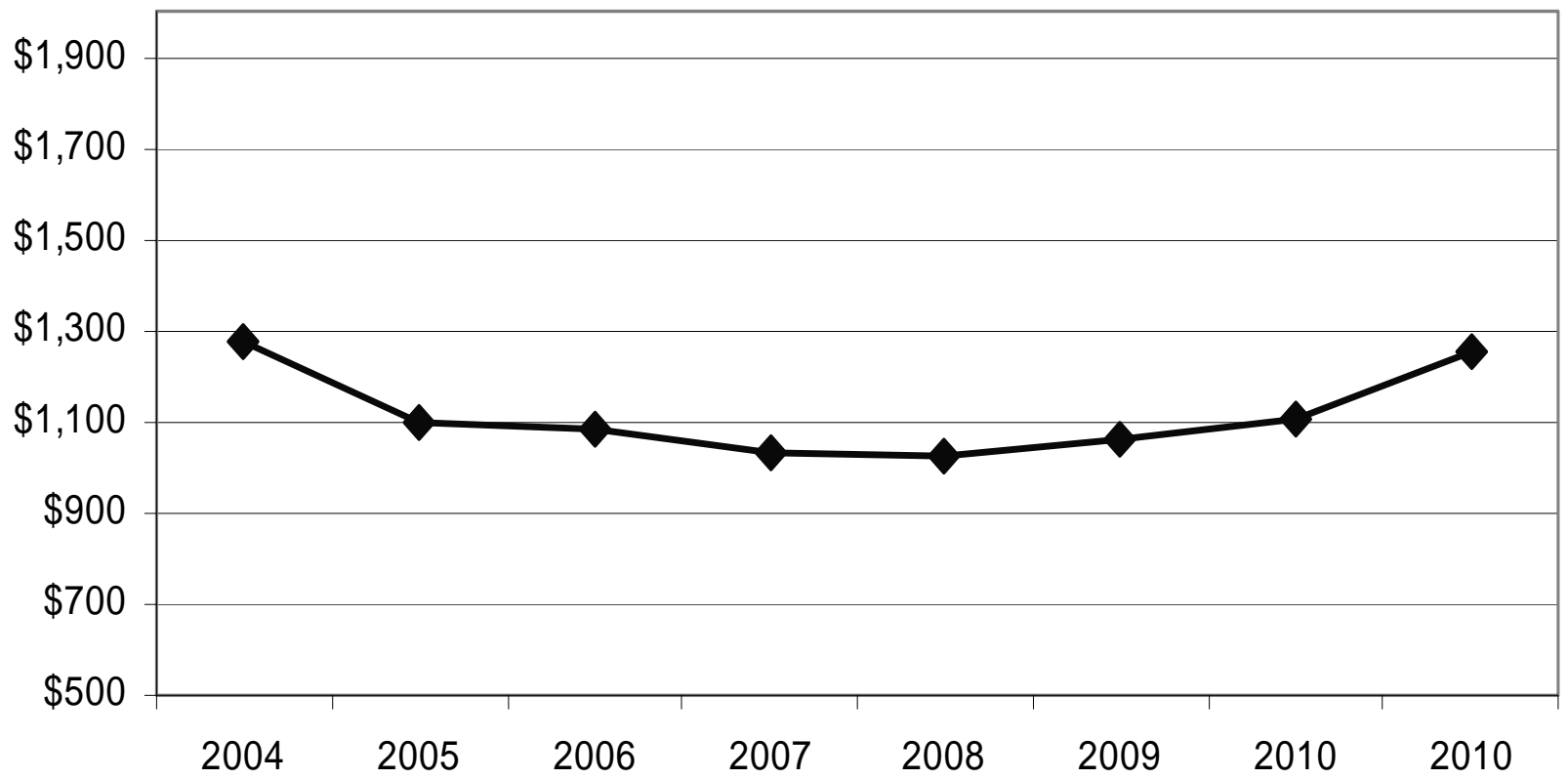
✱ 2011 Proposed City Taxes \$1,252


✱ Increase of \$150 from 2010

✱ 2011 Revised City Taxes \$1,252

✱ No change from preliminary levy

**TAX HISTORY ON HOMESTEAD RESIDENTIAL HOME
WITH A CONSTANT VALUE OF \$225,000**



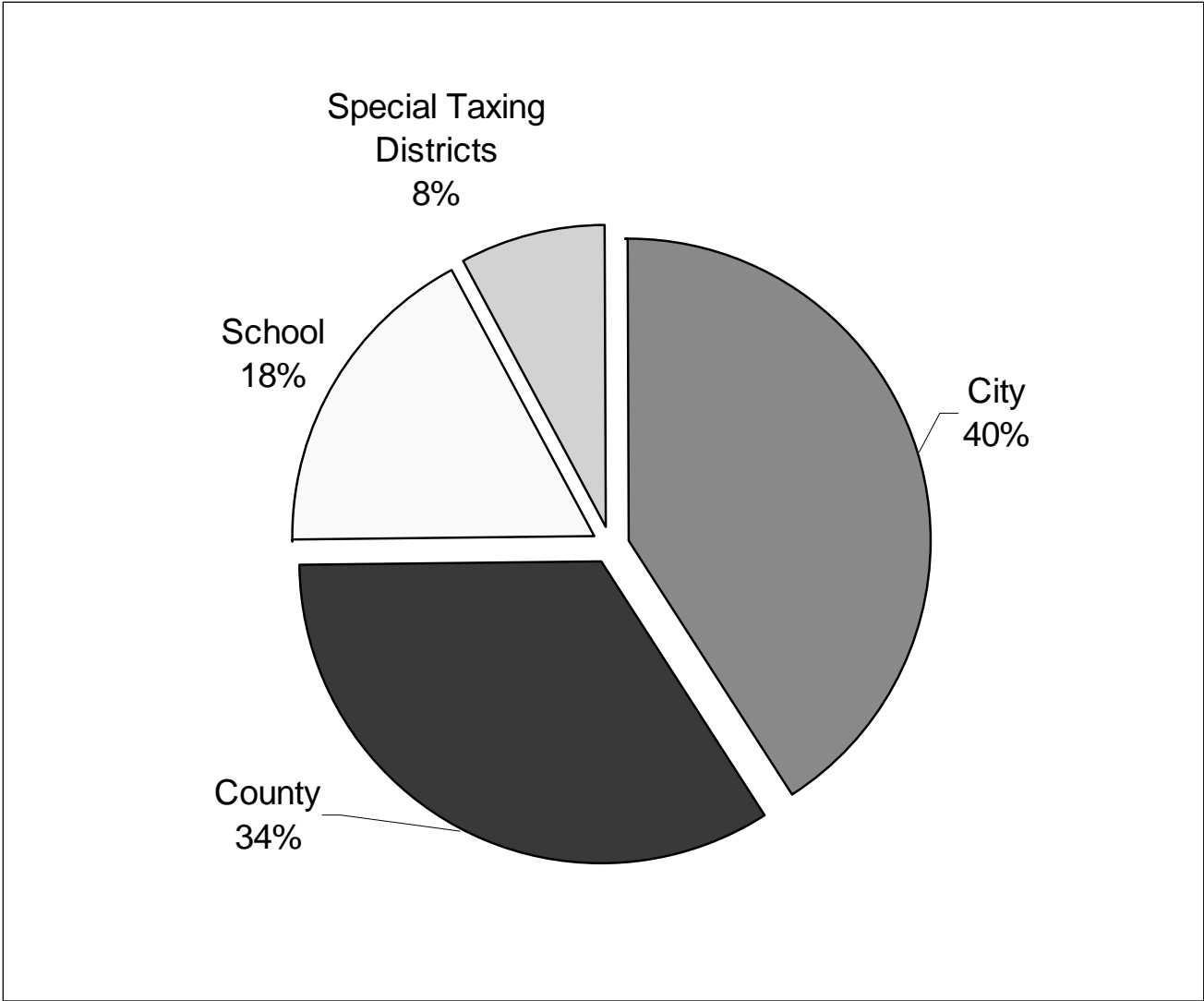


Property Tax Breakdown on Home Valued at \$225,000

★ City	\$1,252
★ County	\$1,041
★ School District	\$ 544
★ Special Districts	<u>\$ 236</u>
Total Taxes	\$3,073

This does not include referendum market value taxes levied by the school district(s) or reduction for market value homestead credit.

Where My Taxes Go





Value for Taxes

- ✿ 24-Hour Police and Fire Protection
- ✿ Emergency medical treatment and management services
- ✿ Well Maintained Streets, Trails, and Sidewalks
- ✿ Elections
- ✿ Boulevard Tree and Forestry Program
- ✿ High Quality Recreation programs
- ✿ Hopkins Activity Center and Hopkins Depot
- ✿ Hopkins Center for the Arts
- ✿ Community and Economic Development
- ✿ Housing Services and Programs
- ✿ Building Inspections, Licensing, and Code Enforcement
- ✿ Beautiful Parks and Open Space



Questions?

**Christine Harkess, Finance
Director**

952.548.6330