



City of Detroit Lakes 2023 Budget and Levy Presentation

December 13, 2022
City Council Meeting

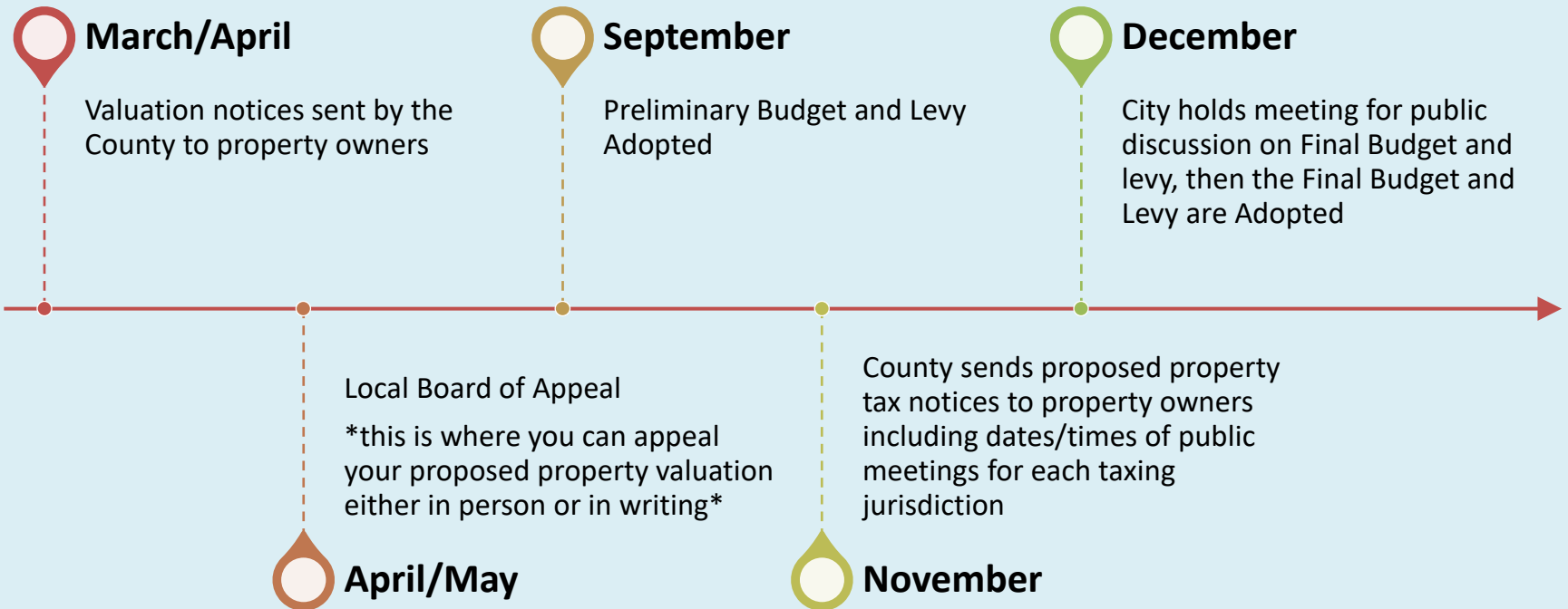


Minnesota Property Tax System



- Assessor determines value as of January 1 for the following year's taxes
- Properties are not taxed directly on value, but rather on TAX CAPACITY
- Different property types have different CLASS RATES. Multiplying the taxable property value by its class rate arrives at its tax capacity
 - Residential homestead 1% of the first \$500k, then 1.25%
 - Commercial/Industrial 1.5% of the first \$150k, then 2%
 - Apartment (4 or more units) 1.25%

Local Property Tax Process



What do your property tax dollars pay for?

Services by Taxing Districts			
Becker County	City of Detroit Lakes	Detroit Lakes School District	Special Taxing Districts
Social Services	Streets	K-12 Education	Becker County Economic Development
Public Health	Police and Fire	Community Education	Watershed District
Road and Highways	Parks and Recreation		
Libraries	Building Safety		
Corrections	Library		
Sheriff	Economic Development		
Environmental Services	Airport		

Approximately

31%

38%

30%

1%



Becker County
 Auditor-Treasurer Office
 915 Lake Avenue
 Detroit Lakes, MN 56501
 218-846-7311
 www.co.becker.mn.us

PIN: 49.0336.000
BILL NUMBER:
LENDER:
OWNER NAME:

AIN:

TAXPAYER(S):

1053 LAKE AVE
 DETROIT LAKES MN 56501

TAX STATEMENT

2022

2021 Values for taxes payable in

		VALUES AND CLASSIFICATION	
Taxes Payable Year:		2021	2022
Step 1	Estimated Market Value:	189,100	226,000
	Homestead Exclusion:	20,200	16,900
	Taxable Market Value:	168,900	209,100
	New Improvements:		
	Property Classification:	Res Hstd	Res Hstd
<i>Sent in March 2021</i>			
Step 2	PROPOSED TAX		2,344.00
<i>Sent in November 2021</i>			
Step 3	PROPERTY TAX STATEMENT		
	First half taxes due 05/15/2022		\$1,212.00
	Second half taxes due 10/15/2022		\$1,212.00
	Total taxes due in 2022		\$2,424.00



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REFUNDS?

You may be eligible for one or even two refunds to reduce your property tax. Read the back of your statement to find out how to apply

Tax Detail for Your Property:				
Taxes Payable Year:		2021	2022	
Tax and Credits	1. Use this amount on Form M1PR to see if you are eligible for a property tax refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$2,342.00	
	2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,915.85		
	3. Property taxes before credits	\$1,915.85	\$2,342.00	
	4. Credits that reduce property taxes			
	A. Agricultural and rural land credits	\$0.00	\$0.00	
	B. Other credits	\$0.00	\$0.00	
	5. Property taxes after credits	\$1,915.85	\$2,342.00	
Property Taxes	6. BECKER COUNTY	A. County	\$597.95	\$727.60
	7. DETROIT LAKES		\$687.73	\$899.52
	8. State General Tax		\$0.00	\$0.00
	9. SCHOOL DISTRICT 0022	A. Voter approved levies	\$184.58	\$221.27
		B. Other local levies	\$424.90	\$463.03
		A. BC EDA	\$3.36	\$3.94
		B. Others	\$17.33	\$26.64
		C. TIF	\$0.00	\$0.00
		11. Non-school voter approved referenda levies	\$0.00	\$0.00
		12. Total property tax before special assessments	\$1,915.85	\$2,342.00
		13. Special assessments	\$138.15	\$82.00
		14. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$2,054.00	\$2,424.00
	Tax Amount Paid		\$0.00	

PROPERTY ADDRESS

1053 LAKE AVE
 DETROIT LAKES, MN 56501

DESCRIPTION

Acres: 0.25
 SubdivisionName AJD PLAT SEC 27
 &34 SubdivisionCd 49003

Line 13 Detail

S-1010/15 SOLID	50.00
S-7301/22 STORM	32.00
Principal	82.00
Interest	0.00



2023 Budget Goals

- **Key Goals and Priorities**
 - Special Assessment Policy/Affordable Housing
 - Reevaluate the Special Assessment Policy to determine how we can lower assessment amounts
 - Full Time Fire Chief
 - Now that Chief Swanson is stepping down, we need to move to a full-time Fire Chief model to support the department
 - Discontinue Reliance on LGA
 - Invest Continue to raise the levy and use LGA we do receive for special projects or one-time uses
 - New Public Works Facility
 - Make it happen – figure it out
 - Snow Removal Discussion
 - Continue the discussion that began last winter – determine the best route forward for the City
 - Maintain Roads
 - Many more City streets need attention – be sure to invest in repair and maintenance of City streets – new and old

City of Detroit Lakes

2023 General Fund Revenue & Expenditure Budget Summary

	2022 Budget	2023 Proposed Budget	\$ Chg vs 2022 Budget	% Chg vs 2022 Budget
Revenues				
Property Taxes*	4,150,445	4,670,573	520,128	12.53%
Franchise Fees	177,000	185,000	8,000	4.52%
Licenses and Permits	164,220	156,920	(7,300)	-4.45%
Intergovernmental Revenues	929,902	818,303	(111,599)	-12.00%
Charges for Services	604,700	602,435	(2,265)	-0.37%
Fines and Forfeits	75,500	75,200	(300)	-0.40%
Interest Earnings	50,000	50,000	-	0.00%
Miscellaneous Revenue	31,000	41,000	10,000	32.26%
Transfers From Other Funds	1,257,395	1,277,238	19,843	1.58%
	<u>7,440,162</u>	<u>7,876,669</u>	<u>436,507</u>	<u>5.87%</u>
Expenditures				
Council	96,337	100,287	3,950	4.10%
Mayor	14,056	14,056	-	0.00%
Elections	20,650	-	(20,650)	-100.00%
City Administration	367,829	424,783	56,954	15.48%
Legal	196,089	203,080	6,991	3.57%
City Assessor	93,000	96,500	3,500	3.76%
Planning	257,411	275,435	18,024	7.00%
City Administration Building	28,000	32,500	4,500	16.07%
Police	2,332,066	2,596,421	264,355	11.34%
Building Inspections	227,748	244,913	17,165	7.54%
Animal Control	29,720	31,520	1,800	6.06%
Streets	1,658,247	1,754,651	96,404	5.81%
Snow Removal	486,300	485,815	(485)	-0.10%
Food Pantry	6,200	10,800	4,600	74.19%
DLCCC Contract	88,245	89,393	1,148	1.30%
Parks	853,200	917,903	64,703	7.58%
Summer Recreation	64,500	66,500	2,000	3.10%
Unallocated/Miscellaneous	54,116	43,530	(10,586)	-19.56%
Transfer to Bond Emergency	50,000	50,000	-	0.00%
Transfer to Equipment Fund	97,000	-	(97,000)	-100.00%
Transfer to Arena Fund	144,444	157,130	12,686	8.78%
Transfer to Fire Fund	275,004	281,452	6,448	2.34%
	<u>7,440,162</u>	<u>7,876,669</u>	<u>436,507</u>	<u>5.87%</u>



Major Factors in the 2023 Budget

Local Government Aid (LGA) decrease of \$144,599

Unsettled 2023+ Union Contracts – Allowances for increased wages and health insurance

Increased costs for worker's compensation insurance and natural gas

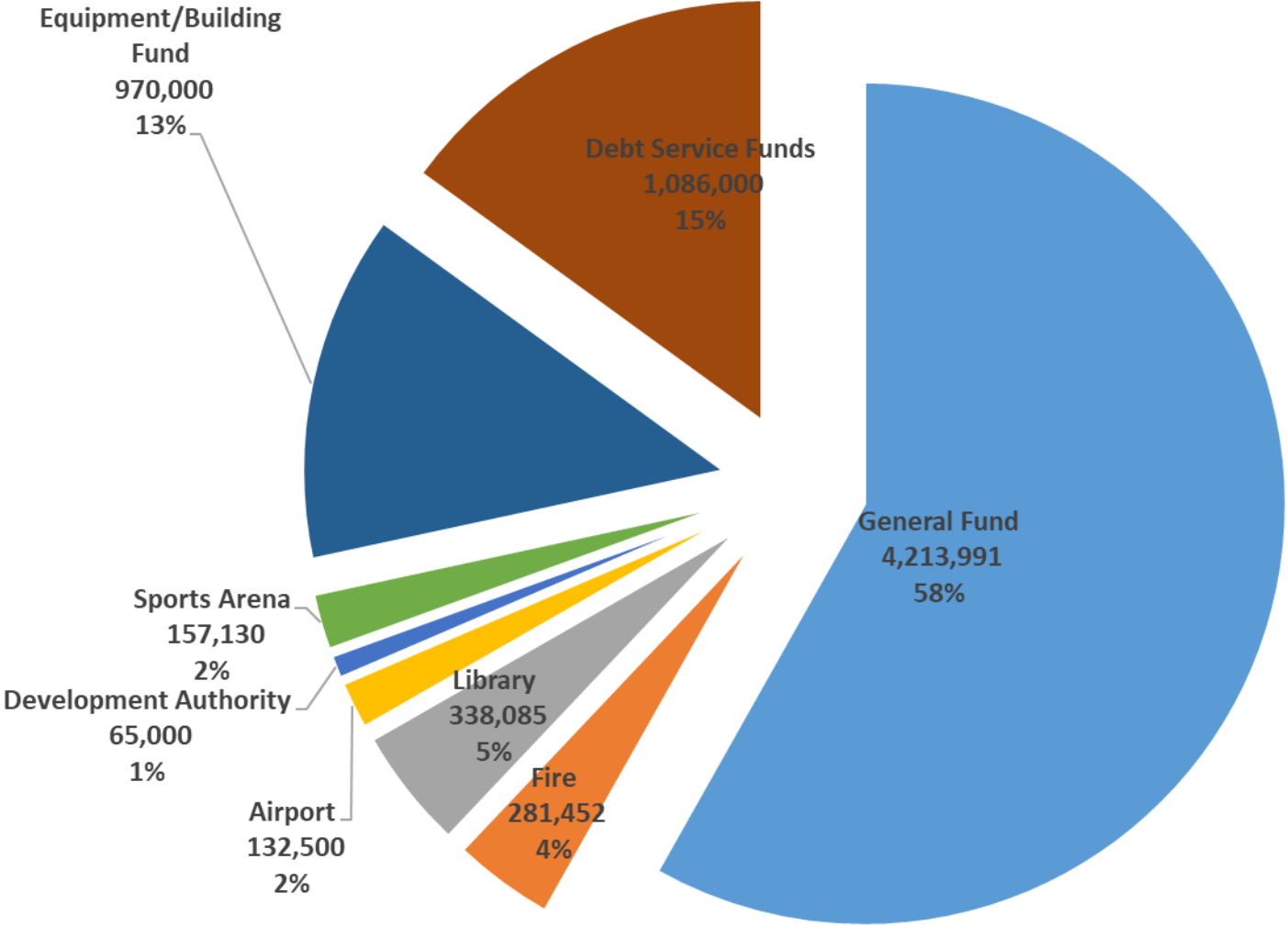
Increase the levy to pay back the City's existing bonds

Increased costs of capital equipment and increase levy for new public works facility future debt

New Full-Time Fire Chief position

No lake weed removal or sidewalk snow removal is included in this budget

2023 Proposed Tax Levy



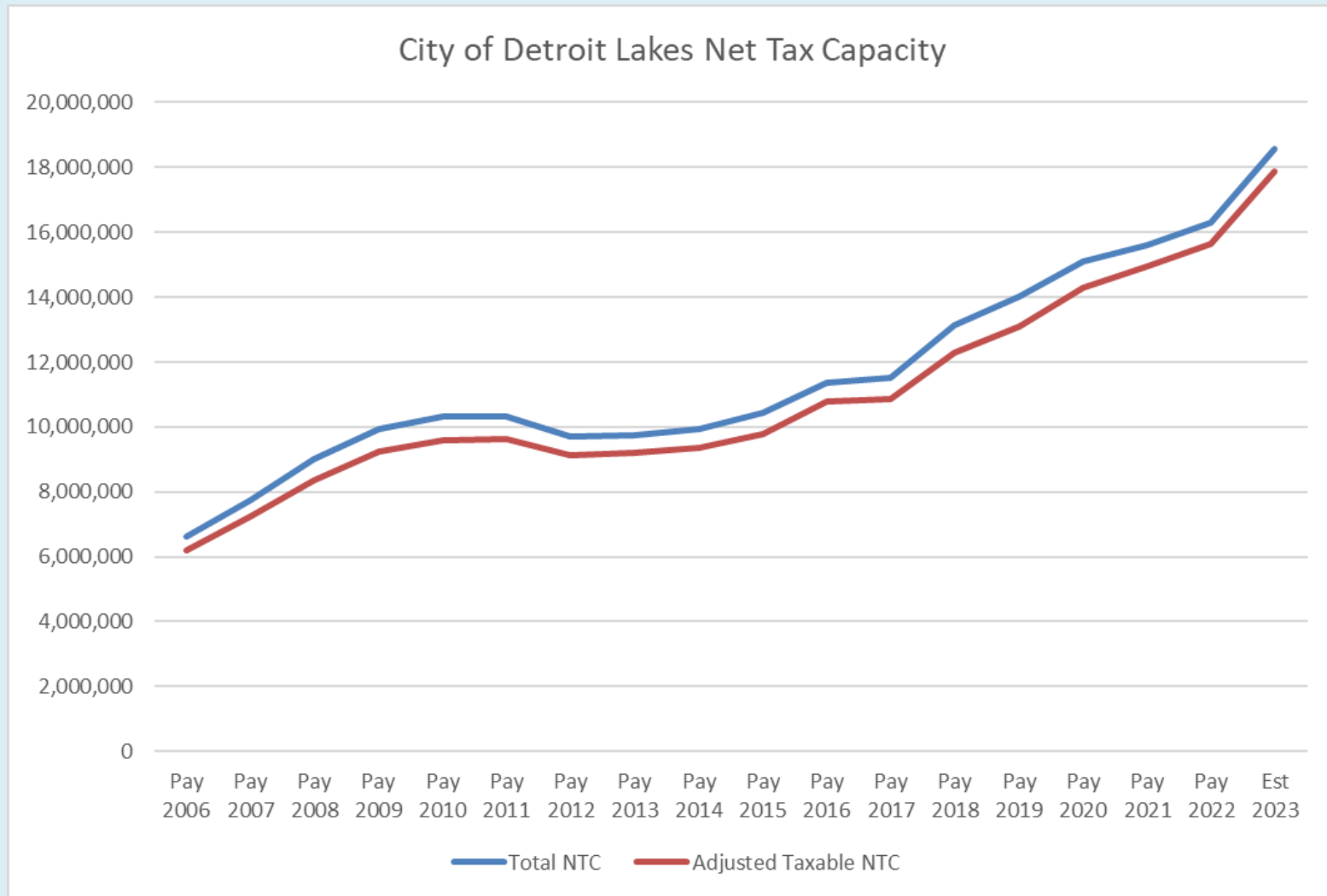
**CITY OF DETROIT LAKES
2023 PROPOSED TAX LEVY**

	Final 2022 Tax Levy	Preliminary 2023 Tax Levy	Proposed 2023 Tax Levy	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
General Fund	3,718,997	4,213,991	4,213,991	494,994	13.31%
Fire	275,004	281,452	281,452	6,448	2.34%
Library	327,280	338,085	338,085	10,805	3.30%
Airport	132,500	132,500	132,500	-	0.00%
Development Authority	65,000	65,000	65,000	-	0.00%
Sports Arena	144,444	157,130	157,130	12,686	8.78%
Equipment/Building Fund	875,000	970,000	970,000	95,000	10.86%
Debt Service Funds					
Fund 503 (2016A (2009) Rchwd Tower Rd/Timb Crk/Long L	184,000	160,000	160,000	(24,000)	-13.04%
Fund 505 (2015A Wash Ave/Hwy 10 W/Peter St/Dan St)	50,000	50,000	50,000	-	0.00%
Fund 506 (2016A Mill & Overlay E Shore Dr/S Shore Dr/Ma	177,000	177,000	177,000	-	0.00%
Fund 507 (2014A MN Ave/McKinley Ave)	100,000	90,000	90,000	(10,000)	-10.00%
Fund 508 (2012B (2003A) North Towne Acres/Timber Crk F	16,000	16,000	16,000	-	0.00%
Fund 509 (2012B (2004B) Nor Lake Addn/Lake Ave and O	45,000	45,000	45,000	-	0.00%
Fund 511 (2015B (2006A) Long Lake Phase 2, Airport and \	-	31,000	31,000	31,000	100.00%
Fund 512 (2012A 2012 Street Mill & Overlay-Roosevelt/Ros	30,000	30,000	30,000	-	0.00%
Fund 513 (2016A (2007A) N Wash/River Hills/Lori/Jackson)	100,000	100,000	100,000	-	0.00%
Fund 514 (2017A Hwy 59 N/Long Pine Est Ph I)	53,000	50,000	50,000	(3,000)	-5.66%
Fund 516 (2018A Long Lake IV/Lake Forest VII/CR131)	150,000	160,000	160,000	10,000	6.67%
Fund 520 (2020B S Wash/Randolph/Long Pines Estates)	80,000	80,000	80,000	-	0.00%
Fund 521 (refunded 501 in 2020) (2011A N Wash Ave/Park	70,500	97,000	97,000	26,500	37.59%
Total Debt Service Funds	1,055,500	1,086,000	1,086,000	30,500	2.89%
Total	6,593,725	7,244,158	7,244,158	650,433	9.86%
Increase/(Decrease) in Operating Expenses				619,933	9.40%
Increase/(Decrease) Due to Debt Service				30,500	0.46%
Total				650,433	9.86%
HRA Levy	120,000	120,000		-	0.00%
Grand Total				650,433	9.86%

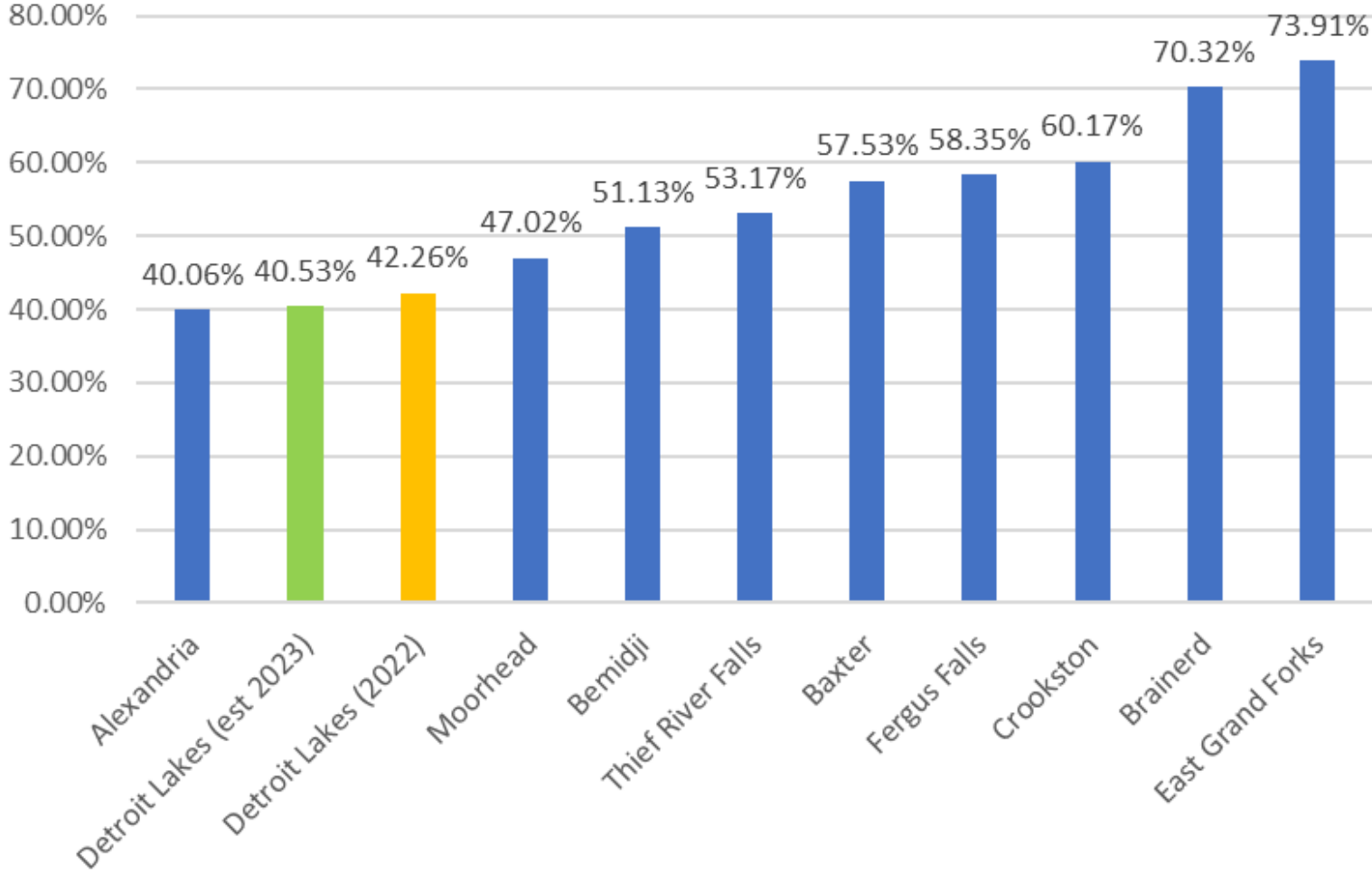
How do we compare to other cities?



Tax Capacity Values 2006-Present



City Net Tax Capacity Rate (taxes payable 2022)





What does this mean for my property taxes?

Will my property taxes increase?



Residential Homestead Property Tax

Estimated Market Value	\$ 208,600
Less: Homestead MV Exclusion	<u>(\$ 18,500)</u>
Taxable Market Value	\$ 190,100

Tax Capacity	
1% of the first \$500,000	1,901
<u>1.25% of over \$500,000</u>	<u>0</u>
Total Tax Capacity	1,901

Times: 2023 City Tax Rate* 40.6020%

Equals: 2023 City Property Tax \$ 771.84

If your value was consistent from 2022 to 2023, your taxes would decrease about \$31.44.

Note: This is the City of Detroit Lakes tax rate ONLY – your actual tax bill will also include county, school district, and special taxing district taxes.



Residential Homestead Property Tax vs. Other Monthly Bills



- Internet \$55.95



- 20.16 gallons of Unleaded Gas (\$3.19/gallon) \$64.29



- Live Streaming TV/Cable TV Service \$64.99



- Cell Phone approx. \$60.00

- \$771.84 annually or \$64.32 per month



Commercial/Industrial Property Tax



Estimated Market Value	\$ 500,000
Less: Homestead MV Exclusion	(\$ 0)
Taxable Market Value	\$ 500,000

Tax Capacity	
1.5% of the first \$150,000	2,250
2% of over \$150,000	7,000
<u>Total Tax Capacity</u>	<u>9,250</u>

Times: 2023 City Tax Rate* 40.6020%

Equals: 2023 City Property Tax \$ 3,755.69

If your value was consistent from 2022 to 2023, your taxes would decrease about \$152.99

Note: This is the City of Detroit Lakes tax rate ONLY – your actual tax bill will also include county, school district, and special taxing district taxes.

Property Tax Relief Programs

- Homestead Market Value Exclusion
 - Values up to \$413,800
- Property Tax Refund
- Targeting Property Tax Refund (aka Special Property Tax Refund)
 - Property Tax Increase of over 12% and \$100
- Disabled Veteran Homestead Value Exclusion
- Blind/Disabled Homestead Classification
- Senior Citizens Property Tax Deferral Program



*Contact the County Auditor's Office for more information about these programs.

The complete 2023 budget will be available on the City's website.

www.cityofdetroitlakes.com

Hard copies may be obtained at City Hall during regular business hours.

Detroit Lakes City Hall
(temporary location)
106 Holmes Street East
Detroit Lakes, MN 56501



Any questions or comments?



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