

**MINUTES
CITY OF ISANTI
CITY COUNCIL BUDGET WORK SESSION
TUESDAY JULY 17, 2018
CITY HALL**

Mayor Wimmer called the meeting to order at 7:09 p.m.

Members Present: Mayor George Wimmer, Council Members: Paul Bergley, Dan Collison, Ross Lorinser and Steve Lundeen

Members Absent: None

Staff Present: City Administrator Don Lorsung, Human Resources / City Clerk Katie Brooks, City Attorney Clark Joslin, Police Chief Gene Hill, Finance Director Mike Betker, Community Development Director Ryan Kernosky, and Assistant City Engineer Jason Cook

C. Work Session Items

1. 2019 Budget Review Schedule

The 2019 Budget Review Schedule was included in all agenda packets but was not verbally reviewed during the work session.

2. Review 2019 General Fund Revenue Projections

Mayor Wimmer began by explaining the Finance Director would go through some of the highlights of the budget and all councilmembers had received a budget and all accompanying documents.

Finance Director Mike Betker started by saying the preliminary budget would be reviewed and he would touch on the key points of the Budget.

Local Government Aid (LGA) will increase a little over \$3,500, from \$631,808 in 2018 to \$635,456 in 2019.

The proposed transfer from the Liquor Store has been budgeted at \$350,000; unchanged from 2018. The Liquor Store has been great for helping to keep taxes low in the past and continues to do so.

The proposed 2019 budget would reduce the fund balance in the General Fund by \$229,057. City Fund Balance Policy requires that Fund Balance in excess of 50% be used to reduce taxes in the coming year. This budget meets the Fund Balance Policy requirements. Essentially, the City is using \$229,057 of excess revenue from 2017 to reduce taxes in 2019.

Mayor Wimmer added that the City does not receive final numbers from the County until after the levy is set on what the actual tax base is going to be. The County always under-projects those numbers from what they will be. This will not be finalized until March. Guidelines from the State is that the City shall have 35-50% of the Fund in cash with everything over that being set by the Council. Anything in excess of that is put towards property taxes.

Mr. Betker continued by saying after a lot of conversations with the County, the preliminary taxable market values for 2019 have increased 10.86%. With that in mind, the combined General Fund and Debt Service Levy is proposed to decrease by 0.12% despite the fact that market rates will increase.

The EDA Levy is proposed at \$62,565 for 2019. The big point for this budget is that the target preliminary tax rate for 2019 is estimated at 72% even, which is a 9.55% decrease from the final certified rate in 2018.

Councilmember Collison asked Mr. Betker to explain the tax rate.

Mr. Betker replied that the tax rate is arrived at when the levy is divided by the taxable market value. If a property value were to remain the same year after year, the taxes would only increase or decrease if the tax rate went up or down.

Mayor Wimmer explained that it takes a year or two for the full impact of the tax base to be felt. When a new home is built, it is generally only a few hundred for the lot, but it increases after a home is built.

Councilman Bergley asked about the process to appeal the property tax value. Mayor Wimmer responded by saying as soon as the assessment is received it needs to be appealed right away with the County Assessor and it cannot wait. They will then reassess the property. The assessments can be challenged later, but it is then a court process so it is best to do it right away.

Councilman Collison interjected by saying there always seems to be anomalies you hear of that have the property tax value increase substantially with no improvements to the property, which the City has no control over.

Councilman Bergley asked for clarification that homeowners who disagree with their tax assessments need to call the County Assessor. Mayor Wimmer agreed and said all the information is on the assessment homeowners receive from the County.

Adjournment

Motion by Lundeen, second by Lorinser to adjourn. Motion carried unanimously. The Budget Work Session adjourned at 7:18 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jeannifer Anderson". The signature is written in dark ink on a light-colored background.

Jeannifer Anderson
Administrative Data Clerk