

City of Chehalis, WA

2020 Revenues – Property Tax Levy

Public Hearing

November 12, 2019

Chun Saul, Finance director

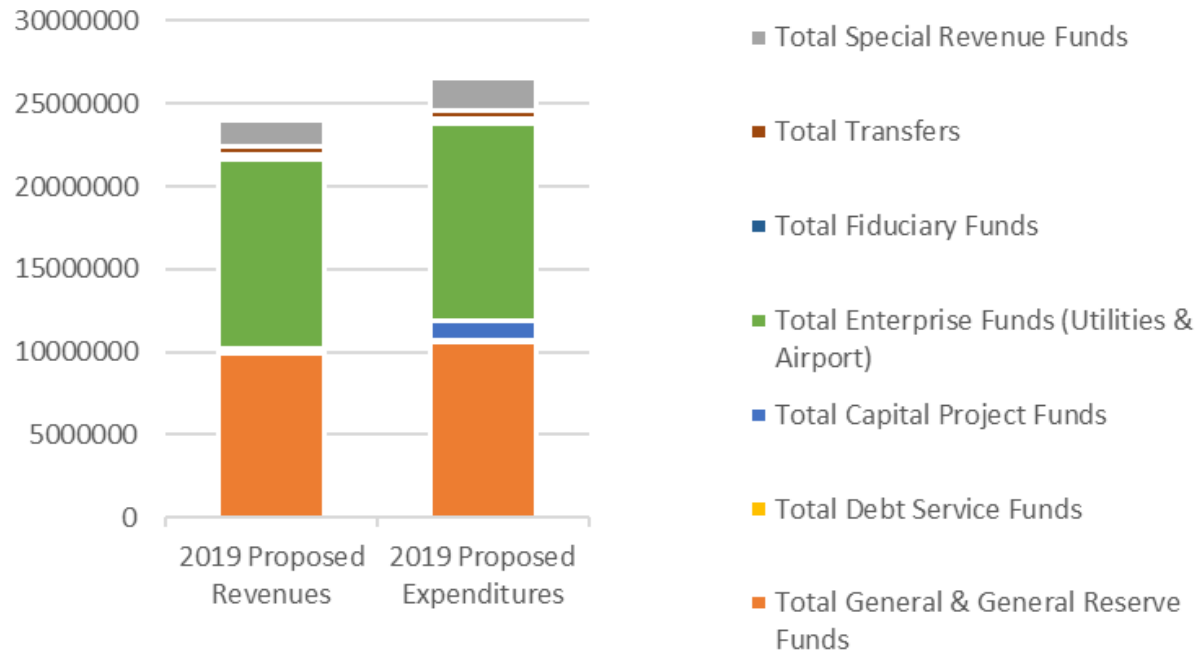
Purpose and Action

- This is an informational briefing on the revenue projections for the 2020 Budget as part of the legally required public hearing.
- Information on the 2020 Ad Valorem and overall property tax assessment is included as background for Ordinance No. 1001-B setting the amounts of revenue to be raised by Ad Valorem taxes during 2020 (regular and EMS levy)

Budget Process

- Department Meetings Developed Preliminary Draft Budget – Sept. 2019
 - Estimates of Resources and Expenditures
- The 2020 Preliminary Draft Budget Review by Council Budget Committee – Oct.1, 2019
 - Discussions and recommendations for closing the gap
- The 2020 Proposed Budget Filed with City Clerk and City Council – Nov. 1, 2019
- First Public Hearing – November 12, 2018
 - Citywide 2020 Proposed Budget
 - General Fund Revenue Sources & Property Tax Levy
- Final Public Hearing and Request for Adoption – November 25, 2019
- Statutory Deadlines:
 - Set Property Tax Levy – by November 30
 - Adopt 2020 Budget – by December 31

2020 Proposed Budget - All Funds
Totals By Fund Types
Total Revenues \$23,961,352
Total Expenditures \$26,527,123



2019 Proposed Budget – All Funds

- Projected Revenues < Projected Expenditures
- Use of reserves (beginning fund balance) \$2,565,771
- Other than general governmental funds, use of reserves is related to one-time capital expenditures

General Fund Summary

- Primary Operating Fund used for basic municipal services.
- Legislative, Administration, Police, Fire, Planning & Building, Public Works Facilities and Parks, Public Works Street Maintenance, Municipal Courts, and Cultural & Recreation services.
- Accounted for by primary functions/activities
- General services funded by general revenue sources
- Proposed Budget Expenditures **\$10,324,818.**
 - **Police and Fire makes up about 56% of the General Fund Budget**
- Proposed Budget Revenues **\$9,977,976**
- **The 2020 Proposed Budget is balanced using \$346,842 General Fund Reserve (beginning cash)**

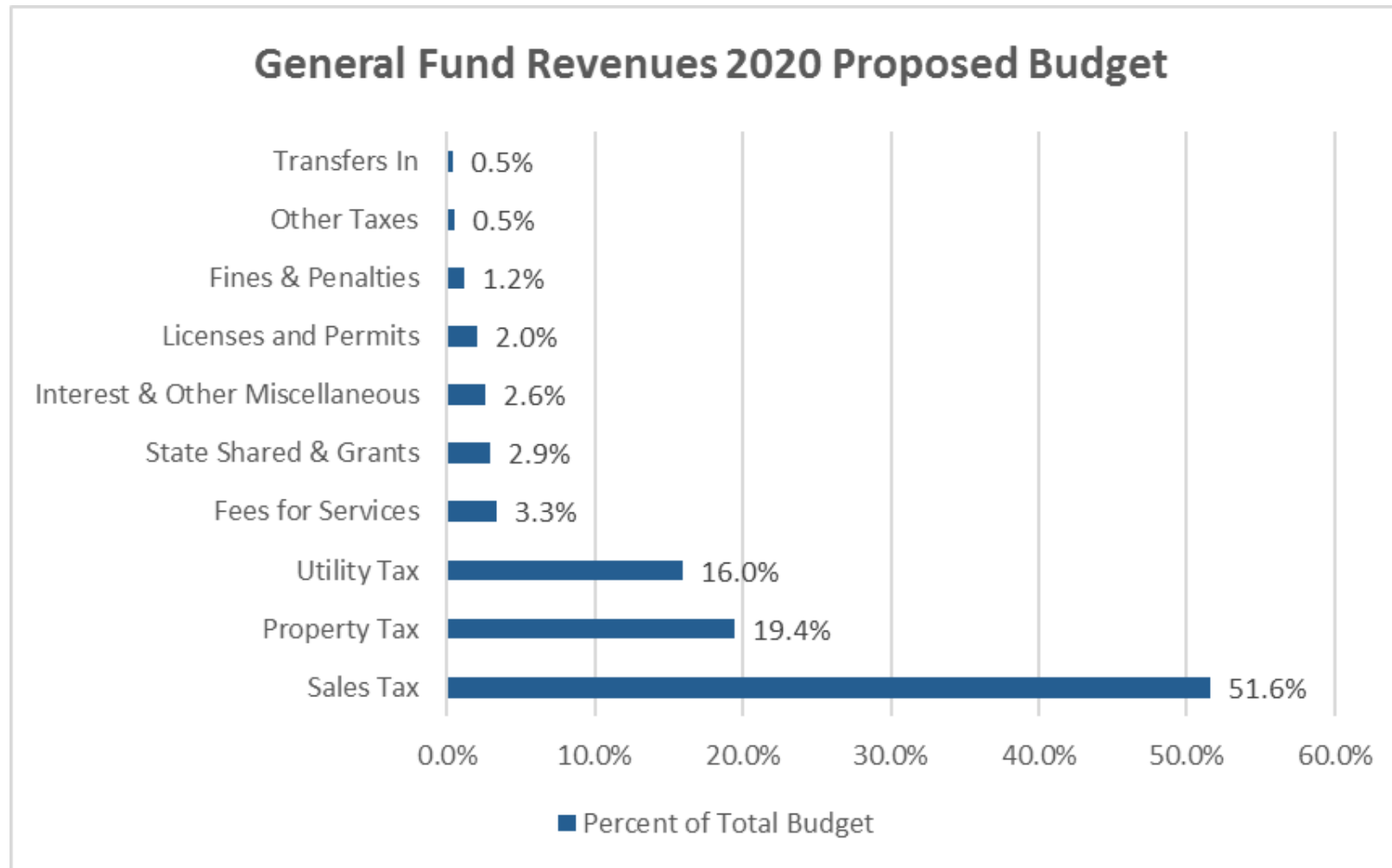
General Fund Budget Summary

Budget Summary - General Fund	2020 Proposed Budget
Estimated Beginning Fund Balance	\$ 1,099,370
Revenues & Transfers In	\$ 9,977,976
Expenditures & Transfers Out	\$ 10,324,818
Net Revenues Over (Under) Expenditures	\$ (346,842)
Estimated Ending Fund Balance	\$ 752,528
<i>The 2020 Proposed Budget as presented is balance using \$346,842 of</i>	
<i>General Fund Reserve (beginning cash)</i>	

General Fund Revenue Summary

General Revenue Summary	2020 Proposed Budget	% of Total Budget
Use of Beginning Balance	\$ 346,842	
Tax Revenues:		
Property Tax	\$ 1,937,842	19.4%
Sales Tax	\$ 5,147,500	51.6%
Utility Tax	\$ 1,592,635	16.0%
Other Taxes	<u>\$ 50,168</u>	0.5%
Total Tax Revenues	\$ 8,728,145	87.5%
Other Revenues:		
Fees for Services & Licenses and Permits	\$ 532,160	5.3%
State Shared & Grants	\$ 289,766	2.9%
Fines , Penalties, Interest & All Other	<u>\$ 382,905</u>	3.8%
Total Other Revenues	\$ 1,204,831	12.1%
Transfers in	<u>\$ 45,000</u>	0.5%
Total Revenues	\$ 9,977,976	100.0%
Total Appropriation	\$ 10,324,818	

General Fund Revenue Summary



87% of Total General Fund Revenue is from taxes.

Property Tax – Annual Levy Action

- Council must set levy every year to support the cost of general government
- Increasing costs must be balanced by revenues
- City must identify all sources of revenues needed to fund programs including the amount of tax levy
- Most revenues are external to City control – best estimate
- Property taxes may be increased on a limited basis with City Council approval

Property Tax – Levy Limit

➤ Property tax levy limit

- Cited with a population of less than 10,000 can increase their levy amount by one percent without a vote (highest lawful levy calculation by County Assessor's Office)
- Plus value of new construction, annexation & other adjustments added to tax roll
- Plus Voter approved levy increase ("levy lid lift"), if any

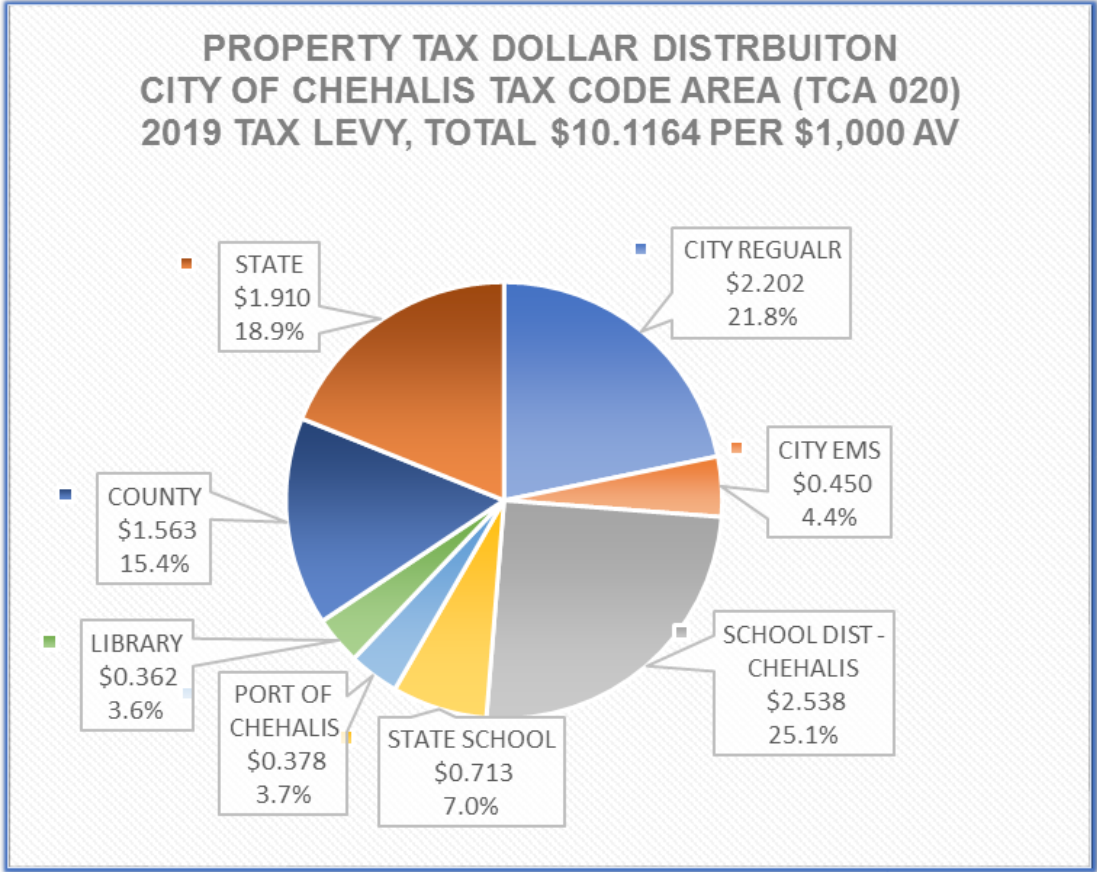
➤ Maximum Statutory Levy Rate

- The City of Chehalis is held by the statutory dollar maximum rate which is \$3.60 minus the Library District at approximately \$0.40, plus Firefighters' Pension Fund levy at \$0.225, leaving a maximum statutory levy rate at approximately \$3.425 per \$1,000 of assessed valuation.

➤ City of Chehalis Banked Capacity Going into 2020 tax year:

- Regular levy banked capacity \$240,338 (15.21%% of 2018 actual levy)
- EMS levy banked capacity \$5,935 (1.84% of 2018 actual levy)

Property Tax Distribution



Several taxing districts/agencies may tax the same property

Tax Code Area 020 2019 total direct and overlapping levy rate is \$10.1164/\$1000 AV

Chehalis taxing district share of typical property tax bill is 26.2% (or \$2.652/\$1000 AV)

2020 Property Tax Levy Limit – Proposed Amount

Ordinance No. 1001-B			
2020 Property Tax Levy Amount - City of Chehalis			
	Regular Levy[^]	EMS Levy	Total Levy
2019 Tax Year Actual Levy	\$ 1,580,030	\$ 323,048	\$ 1,903,078
Plus Ordinance Increase:			
1% Maximum Allowed Increase (1% over 2019 Highest Lawful Levy)	18,204	3,290	21,494
Total Increase Over 2019 Levy	\$ 18,204	\$ 3,290	\$ 21,494
Plus Increase from New Construction	9,970	2,039	12,009
Plus Certification of Administrative Refunds for 2020 tax year	7,986	1,823	9,809
Total Increase from New Construction & Other Adjustments	\$ 17,956	\$ 3,861	\$ 21,817
2020 Total Proposed Property Tax Levy Amount	\$ 1,616,190	\$ 330,199	\$ 1,946,389

[^] \$0.225 per \$1,000 assessed valuation of regular levy is dedicated for LEOFF1 OPEB Reserve Fund for LEOFF 1 medical benefits. The 2020 Proposed Budget allocates \$166,049 for LEOFF1 retiree medical benefits.

2019 Property Tax Levy – Proposed Increase Amount and Percentage

➤ Total proposed increase over 2019 actual levy is **\$21,494**:

Ordinance No. 1002-B				
Dollar Amounts and Percentage of Changes in Property Tax Levies for 2020 over 2019				
Tax Levy	2019 Actual Levy	1% Maximum Allowed Increase over 2019 Highest Lawful Levy (HLL)	Percent Increase from 2019	Estimated Tax increase for Property with \$100,000 Assessed Value
Regular Levy [^]	\$ 1,580,030	\$ 18,204	1.152110%	\$ 2.42
EMS Levy	\$ 323,048	\$ 3,290	1.018375%	\$ 0.44
Total	\$ 1,903,078	\$ 21,494	1.129408%	\$ 2.86

* Does not include current year add-ons such as tax levy for new construction and changes for state-assessed properties.

[^] \$0.225 per \$1,000 assessed value of regular levy is allocated to LEOFF1 OPEB Reserve Fund for LEOFF 1 medical benefits.

➤ Estimated tax increase amount for every *hundred thousand* (\$100,000) of assessed value is **\$2.86**

- This applies to the City portion of the property tax
- City of Chehalis has no control over the amounts levied by other agencies.

Recommendation

➤ *It is recommended that the City Council:*

- 1) Accept public comment on the City's 2020 Revenue Estimates
- 2) Then close the Public Hearing on the Revenue Estimates
- 3) Open the Public Hearing on the 2020 Proposed Budget
- 4) Accept public comment on the 2020 Proposed
- 5) Close the Public Hearing on the 2020 Proposed Budget
- 6) Consider approval on the related ordinances scheduled for action under "New Business."