

City Council Reduces Tax Levy For 2011

In these tight economic times, be assured that the City of Apple Valley is doing its share to budget accordingly. The Apple Valley City Council has approved a preliminary property tax levy for 2011 that is \$139,554 lower than the year before. As a result, 94.7 percent of residential property owners will see the City's share of their property tax bill stay the same or go down in 2011. This is the second year in a row where the typical residential property in the City will see a decrease in the City's share of their property tax bill.

This is particularly notable given that property values in the community have fallen in recent years. The Dakota County Assessor's office reports that the vast majority of properties in the City have fallen at least six percent over the last year. Value declines greater than six percent will result in even greater reductions in taxes paid. The chart below shows the change in tax dollars for various properties given their decline in property value. For example, if your value dropped seven percent, your City tax bill is projected to go down \$11 for 2011.

Challenges We Face

We are adjusting our operations to reflect the new economy, while holding the line on property taxes. Particular challenges for 2011 and beyond include:

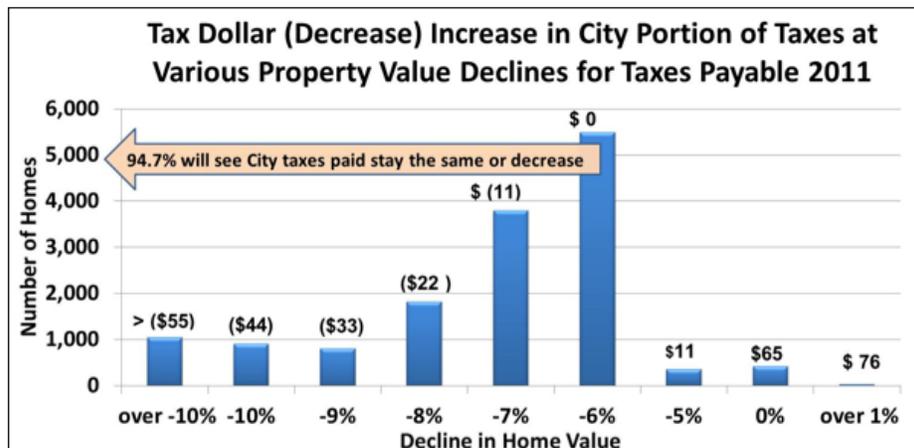
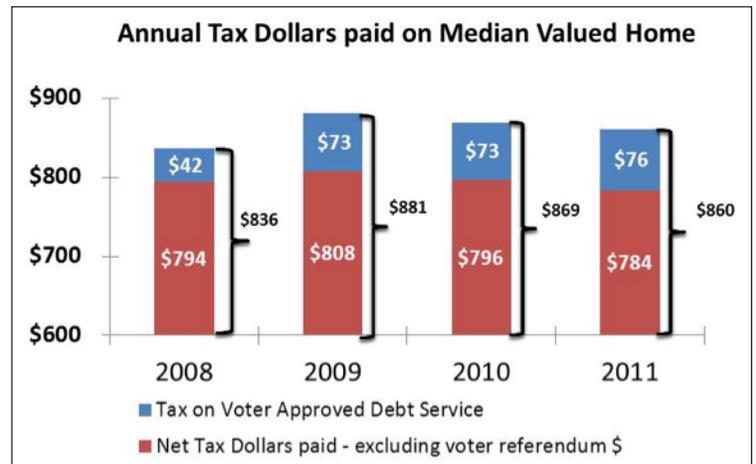
1. The City is striving to continually meet the service expectations of our property owners with fewer available resources. Staff reductions and modifications continue for 2011. The City currently has nine staff positions vacant. In addition, the City recently modified the way it handles engineering services resulting in a net savings to the City and its taxpayers.
2. Steep reductions in State aid to cities. Under current State law the City will lose approximately \$1 million in Market Value Homestead Credit for 2011. This is in addition to the loss of approximately \$450,000 per year in Local Government Aid beginning back in 2003. The cumulative loss of these revenues will make future capital investments more difficult to fund.

3. Maintaining the commitment to the City's investment in our aging streets and infrastructure. Each year the City aggressively undertakes a street maintenance/overlay/seal coating program to extend the life of our streets. For 2011 the general fund property tax levy for street maintenance totals \$1.6 million—a sizable investment but one that will save dollars in the long-run.

The City budget provides the framework through which essential public services are provided to the public. Essential and desirable services such as police, fire, ambulance, street repair, snow plowing, parks & recreation, drinking water, sewer disposal, and storm water management are all accounted for in the City's budget. While these services are sometimes taken for granted or go unnoticed, it is the City budget that helps ensure that the services are adequately funded to help maintain the high quality of life our community is known for.

Tax Dollars Paid in City Taxes Lowest in 4 Years

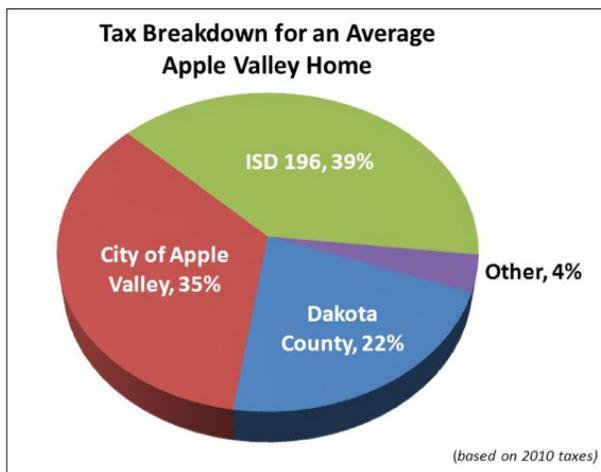
The tax dollars paid by the median valued home has declined for the 2nd year in a row. In addition, excluding the tax impact of the parks referendum passed by the voters, the 2011 taxes paid are the lowest since 2008.



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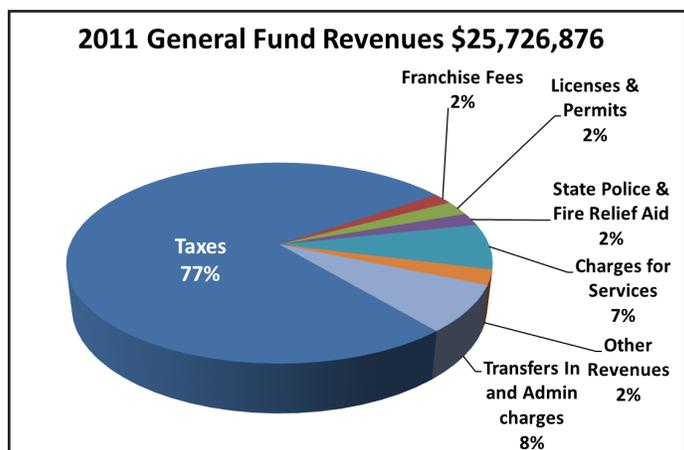
The City Makes Up 35% of Your Property Tax Bill

While the City of Apple Valley has endeavored to lessen the impacts on property owners, the City has no control over levy decisions by other government entities serving Apple Valley. So while the City's portion may be the same or less, Apple Valley officials cannot guarantee the same will be true for a property owners overall tax bill.



Sources of General Fund Revenues

Property taxes are the main source of revenue for the City's General Fund providing 77% of the sources needed to operate all the functions of the general government. The remainder of the revenues are generated by sources such as permits, licenses, lease income, fees, service charges, park operations and transfers and other revenues. These activities of the general government include Police, Fire, Street Maintenance, Park Maintenance Recreation Activities and more.



Winter Request

Please clear a path through the snow to the water meter outside reader. A clear path ensures prompt reading of the water meter and helps prevent the worker from stepping on shrubs and other landscaping.

General Fund Expenditures

In total, General Fund Expenditures to support general government services will decline in 2011 to \$25.7 million. This budget reflects the economic climate we are in, and yet still provides adequate funding to provide nearly all of the services our citizens have come to expect.

The services the City of Apple Valley provides are necessary, essential, and quite diverse. In Apple Valley, resources are leveraged, services are efficient and economical, and we stand accountable for the product we deliver.

The total cost for City services including debt service in 2011 for the median value Apple Valley homeowner is \$71.68 per month. The checkbook illustrates how this amount is divided among various City departments.

Everyone is invited to attend the City's Truth in Taxation Hearing that will be held December 9, 2010 at 8:00 p.m. at the City of Apple Valley City Hall.

Police	\$19.79
Public Works	\$16.26
Parks and Recreation	\$12.47
Fire	\$4.70
City Council, Administration, and Human Resources	\$3.38
Information Technology and Data Processing	\$2.14
Community Development and Code Enforcement	\$2.14
Insurance and Unallocated	\$1.82
Finance	\$1.45
Legal	\$1.17
Subtotal General Fund Activities	\$65.32
Debt Service	\$6.36
Total Monthly Taxes Paid	\$71.68

Homeowner Apple Valley, MN 55124	2011
PAY TO THE ORDER OF <u>City of Apple Valley</u>	\$ <u>71.68</u>
<u>Seventy-one and 68/100</u>	DOLLARS
For monthly police, fire, parks and recreation, public works, etc.	<u>Homeowner</u>

Winter Reminders

Remember not to block the fresh air pipe in your basement. It supplies the air needed for proper combustion of your gas appliances. Blocking it may result in a carbon monoxide buildup in the home.

Make sure to change the setting on your humidifiers and ventilation air units to the winter setting for maximum efficiency.