


September 12, 2011

2012 Proposed Budget

2012 Budget Highlights

- LGA as certified by the MN Dept of Revenue (down \$597,729 from 2011 budget or 4% of total 2011 General fund budgeted revenue)
- Market Value Credit  Market Value Exclusion
- Maintain level of services w/o layoffs
- Limit levy increases (no levy limits in 2012)
 - 2% proposed tax levy
- General Fund Budget spending reduced

Tax Capacity Rate

$$\text{Tax Rate} = \frac{\text{Tax Capacity}}{\text{Tax Levy}}$$

With the change in the Market Value Credit to the Market Value Exclusion Program, the City will not have Tax Capacity calculations until early October from the County.

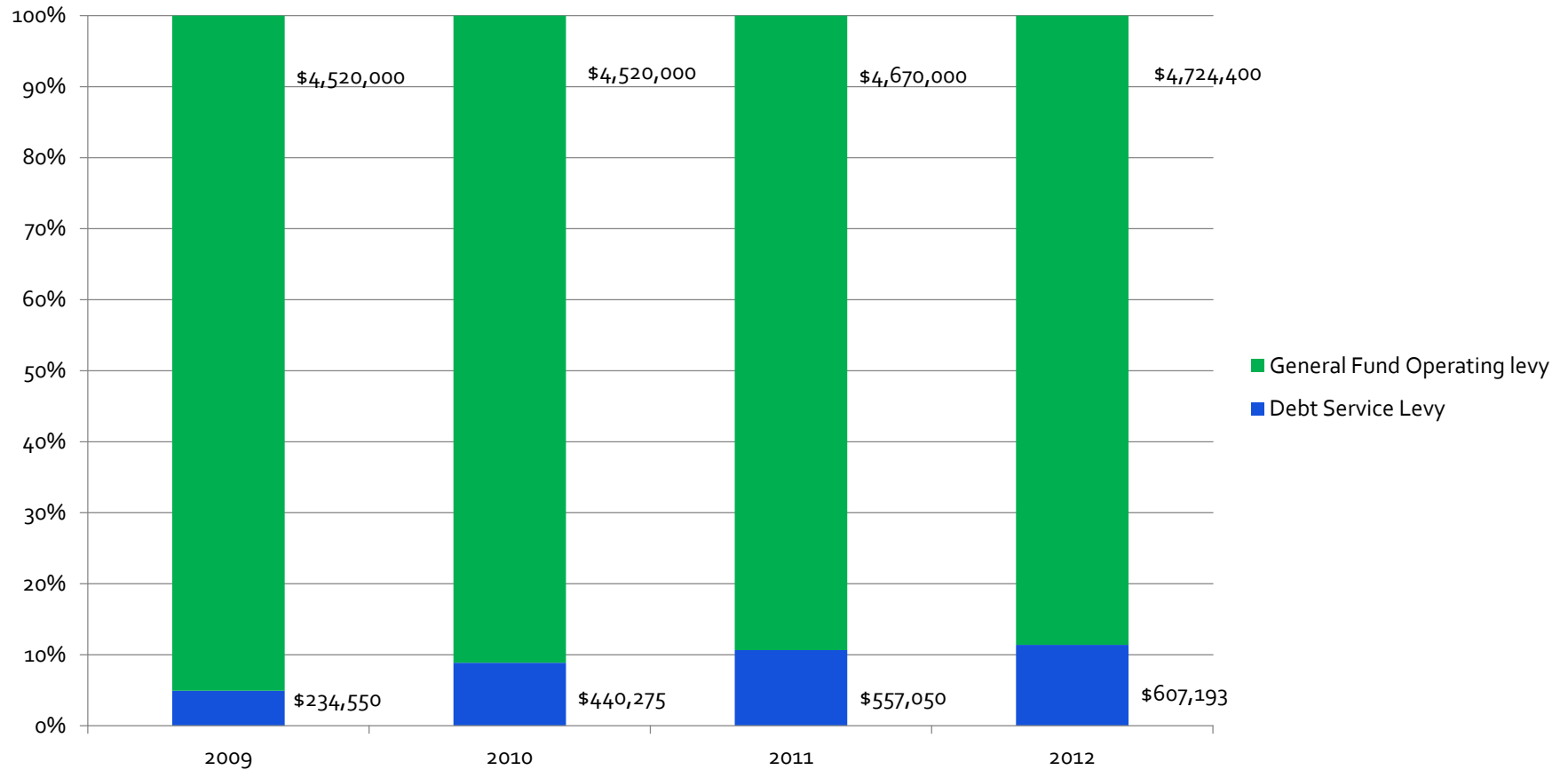
What we do know

- The State's share of the Market Value credit was \$480,000 for 2012.
- Under the Market Value Exclusion program, the City will receive all their levy with no risk of unallotments
- It is expected the tax capacity in the City will decrease due to the exclusion program.
- Even with no increase in Levy, with a decreased tax capacity, the tax rate will be higher.

Operating Levy + Debt Service Levy = Total Tax Levy

	Levy by year				change
	2009	2010	2011	2012	
General Fund Operating levy	\$ 4,520,000	\$ 4,520,000	\$ 4,670,000	\$ 4,724,400	\$ 54,400
Debt Service Levy	234,550	440,275	557,050	607,193	50,143
Total Levy	\$ 4,754,550	\$ 4,960,275	\$ 5,227,050	\$ 5,331,593	\$ 104,543
percent change		4.3%	5.4%	2.0%	

Comparison of Debt Service Levy to Total Levy



Summary of revenue changes/strategies

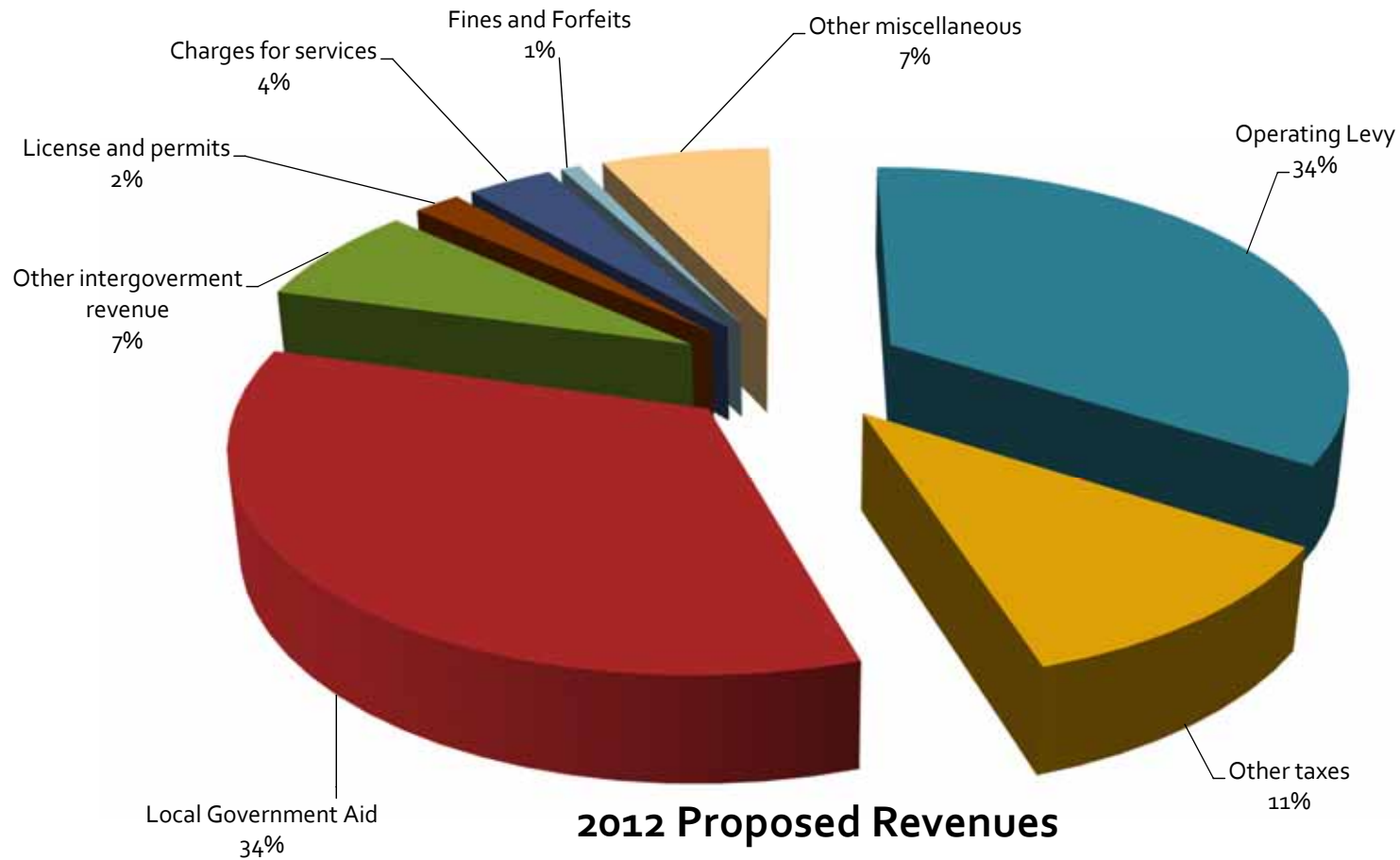
- LGA
- MVC
- Fees
- Grant funds for equipment
- 2010 Budget Surplus
- Maximizing equipment/facility funds
- CIP and Financial Management Plan (FMP)

2012 Proposed revenues

REVENUES	2010	2010	2011	2012	Percent	
	Budget	Actual	Budget	Proposed	Change	Change
Operating Levy	\$ 4,520,000	\$ 4,072,561	\$ 4,670,000	\$ 4,724,400	\$ 54,400	1.16%
Other taxes	1,660,000	1,603,173	1,660,000	1,520,000	(140,000)	-8.43%
Local Government Aid	4,428,893	4,724,618	5,322,347	4,724,618	(597,729)	-11.23%
Other intergovernment revenue	992,650	1,220,035	1,006,365	1,016,365	10,000	0.99%
License and permits	274,510	367,608	275,000	270,600	(4,400)	-1.60%
Charges for services	576,183	615,853	482,700	491,500	8,800	1.82%
Fines and Forfeits	114,000	94,861	108,000	110,000	2,000	1.85%
Other miscellaneous	1,020,840	870,690	960,070	971,000	10,930	1.14%
Total	\$ 13,587,076	\$ 13,569,399	\$ 14,484,482	\$ 13,828,483	\$ (655,999)	-4.53%

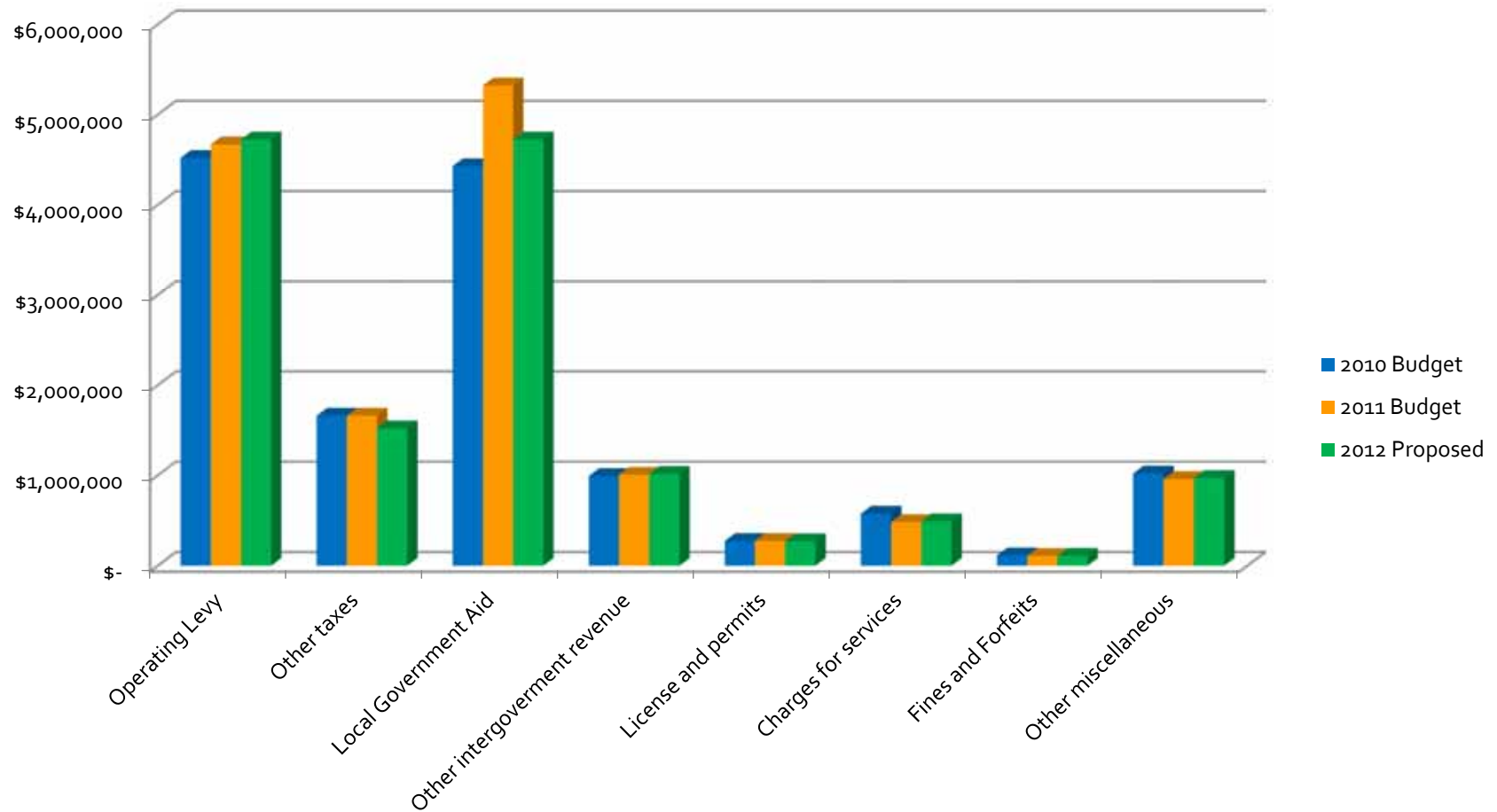
The change in the levy above is calculated to balance the General fund budget.

Revenue Chart - Distribution

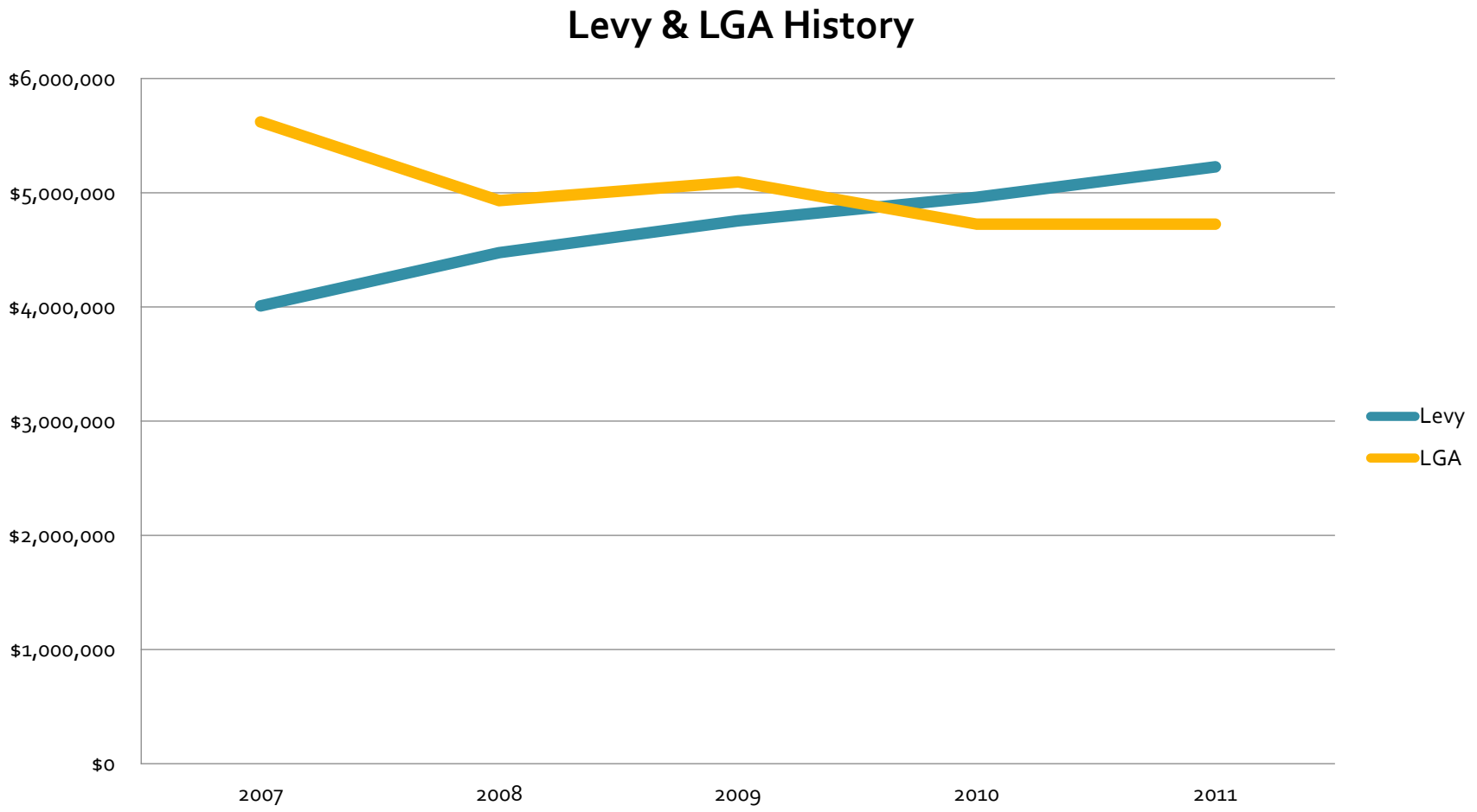


2012 Proposed Revenues

Revenue Chart – 3-Year Summary



Levy and LGA History



Summary of expenditure changes/strategies

- Employee vacancies - Freeze/delay of backfilling vacancies
- Contingency – reduced significantly due to healthy fund balance in General fund
- Capital Outlay reductions or deferrals
- Utility savings
- Consulting fee reductions

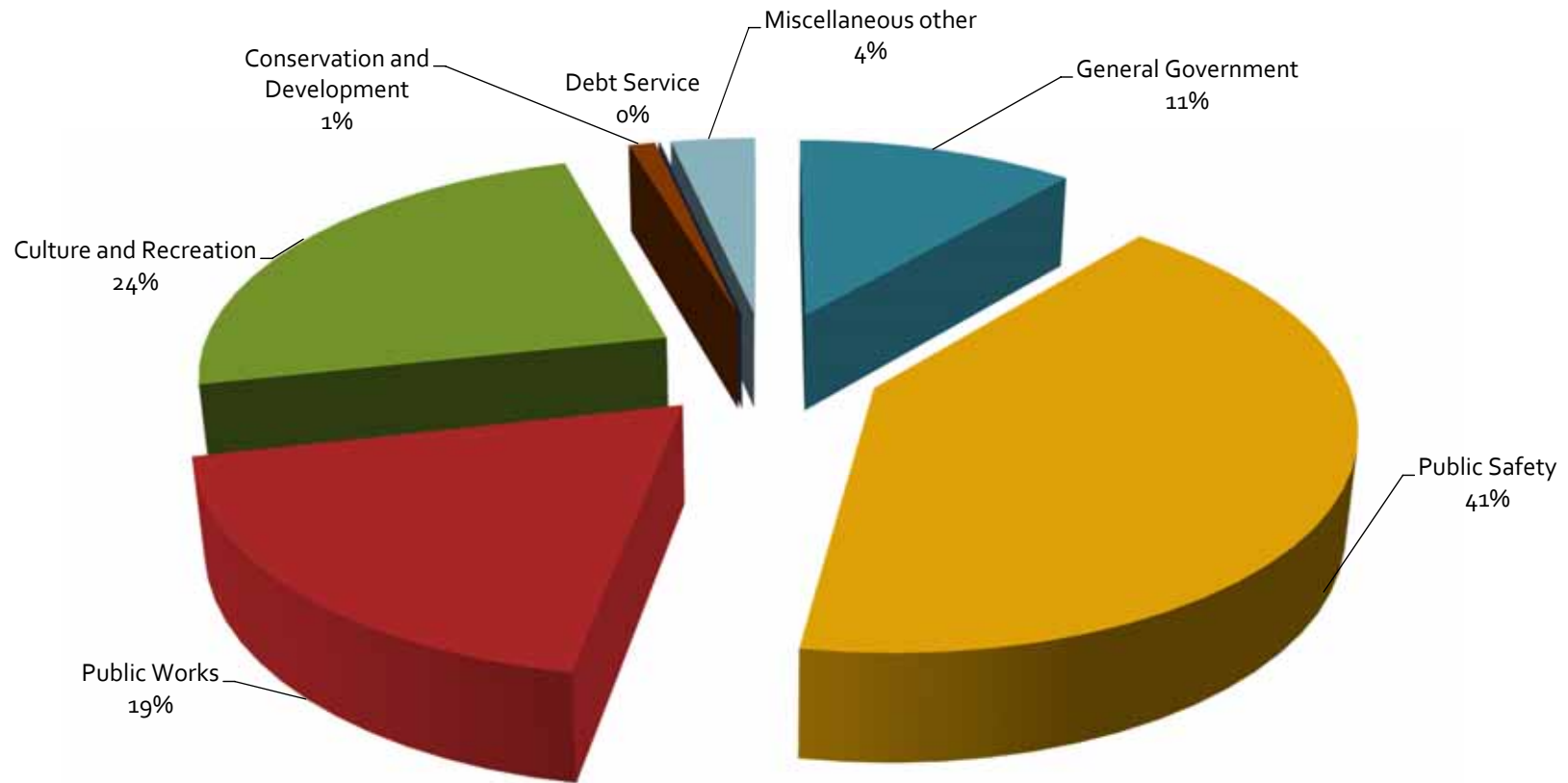
Summary of expenditure changes/strategies

- City Arena – ice sheet replace and closed for summer
- Holiday light, banner replacements not funded (City still provide labor to install)
- 1% COLA
- 12% Health Insurance premium increase
- PERA – no change from 2011

2012 Proposed expenditures

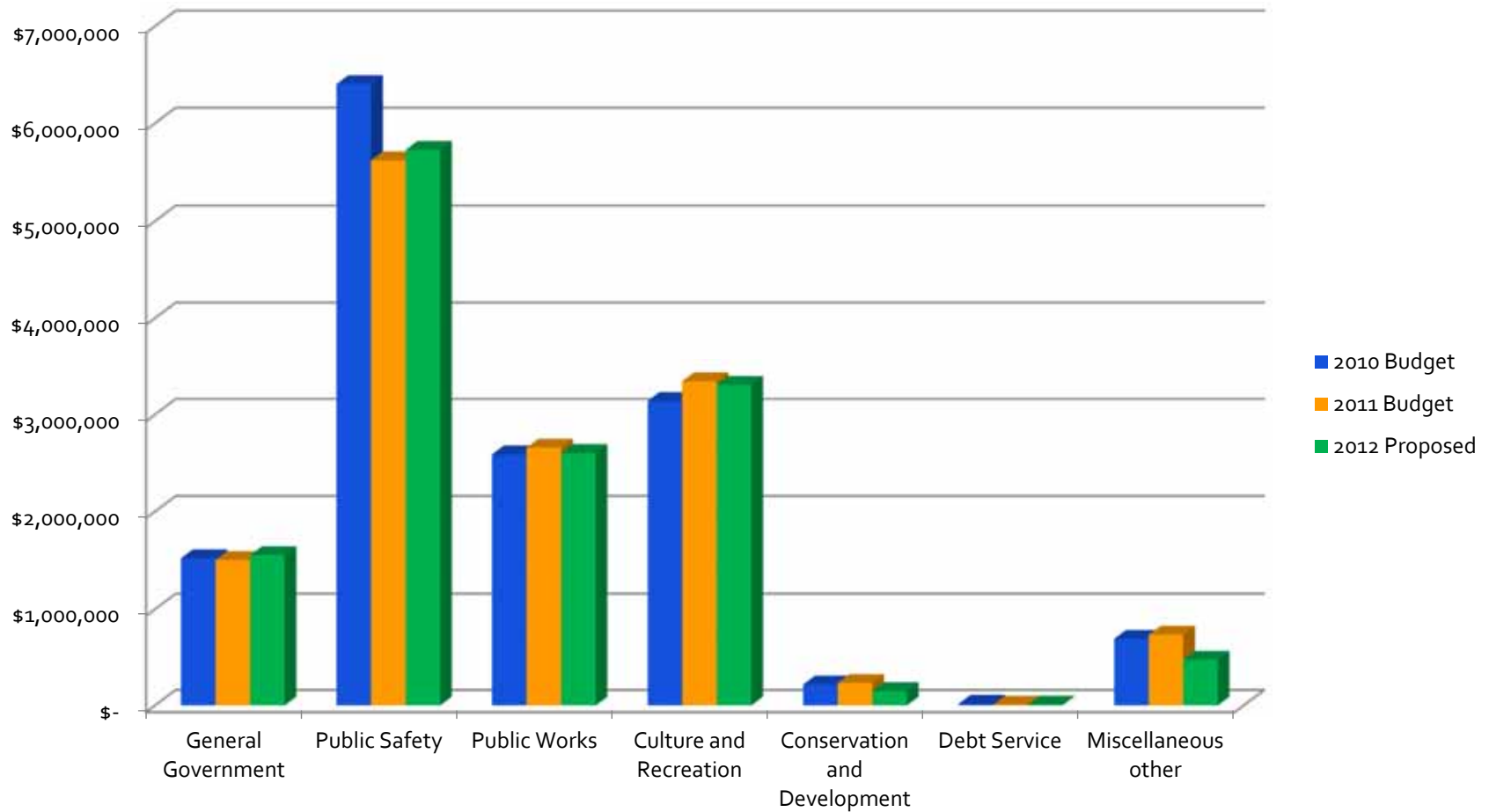
EXPENDITURES	2010	2010	2011	2012	Percent	
	Budget	Actual	Budget	Proposed	Change	Change
General Government	\$ 1,526,612	\$ 1,550,929	\$ 1,510,050	\$ 1,559,045	\$ 48,995	3.24%
Public Safety	6,403,587	5,523,904	5,617,421	5,726,058	108,637	1.93%
Public Works	2,589,520	2,477,184	2,659,096	2,603,372	(55,724)	-2.10%
Culture and Recreation	3,140,042	3,308,902	3,343,075	3,306,302	(36,773)	-1.10%
Conservation and Development	217,515	165,099	233,950	150,260	(83,690)	-35.77%
Debt Service	17,800	16,054	8,500	8,500	-	0.00%
Miscellaneous other	692,000	712,902	735,000	474,946	(260,054)	-35.38%
Total	\$ 14,587,076	\$ 13,754,974	\$ 14,107,092	\$ 13,828,483	\$ (278,609)	-1.97%

Expenditures - Distribution



2012 Proposed Expenditures

Expenditures – 3-Year Summary



What do your taxes buy you?

Est. Monthly City Tax Affect on a \$100,000 home:

■ General Government	\$ 3.61
■ Public Safety (Fire, Police)	\$13.27
■ Public Works	\$ 6.03
■ Parks, Recreation, Library	\$ 7.66
■ Conservation & Development	\$ 0.35
■ Debt Service (Roads, etc.)	\$ 1.31
■ Misc. (Other)	<u>\$ 1.10</u>
■ Total	\$33.33
■ Annual	\$400.00

Enterprise Funds (Water, Sewer, Solid Waste Mgmt, & Parking)

- We will be completing a cash flow projection for the enterprise funds to determine recommendation for 2012 rates. This will be completed with recommendation to council prior to December.
- 3 to 5% increase expected for water rates
- 0% change for sewer rates

Upcoming budget dates

- **September 12** – Adopt a proposed 2011 levy and preliminary 2012 budget
- **September 12** – Set a date to receive public input on the budget
- **September - November** – Budget workshops as necessary; Refine Capital Improvement Plan (CIP); Enterprise Funds
- **December 12** – Receive public input on the budget and adopt a final 2011 levy and 2012 budget

Long-term Budget Strategies

Position City for Healthy Financial Future

- CIP and Financial Management Planning
- Early Retirement Incentive Program (ERIP), Phased Retirement Program and Attrition
- Review of City service levels and collaborative opportunities
 - Fire; Parks; Recreation; Theatre; Senior Services
- Police/Fire Fund – utilize for police, fire operations and capital as in past
- Additional Revenue Sources
 - Fire call charges; PILOT; Storm Water Utility; Street Light Utility

Budget Recommendations

- Public Education, Meetings, Communications
- Tax Levy: \$5,331,593
- General Fund Budget: \$13,828,483