

# City of Hutchinson



2010 Preliminary General  
Fund Budget Hearing

Tuesday, August 11, 2009

6:00 p.m.

# Purpose of Public Hearing



- ⌘ Update on 2009 Budget - showing comparisons
- ⌘ Snapshot of 2010 Budget
- ⌘ Snapshot on Pro-forma General Fund Operating Budget five (5) years out
- ⌘ Provide financial snapshot earlier than later

# Decision Points on 2010 Budget Process



- ⌘ Setting parameters in the General Fund Budget – Early in 2009
- ⌘ Public Hearing on 2010 Preliminary Budget – August 11, 2009
- ⌘ Certification on Tax Levy General Fund – September 8, 2009
- ⌘ Truth & Taxation Hearing – Early December

(The City maintains the option to reduce tax levy [after] the September certification of tax levy to the county.)

# What is LGA?

- ⌘ LGA stands for Local Government Aid.
  - Revenue sharing of State monies that are funneled back to some local taxing jurisdictions (primarily cities/counties in outstate MN, plus a few suburbs in the Metropolitan area). This revenue sharing is based on a formula.
  - Changes in LGA are debated nearly every year in the MN State House and Senate.
  - Annual amounts under this program are subject to “un-allotment” by the Governor. The recent history of un-allotments is as follows:
    - 2008- \$317,000 (Dec.)
    - 2009 - \$272,000
    - 2010 - \$628,000

# What Pro-Active Measures Have Been Taken By Your City Council and Administration?

- ⌘ New employee positions have not been filled
- ⌘ Existing positions that are vacant have not been filled or have been delayed
- ⌘ Early retirement programs – 6 positions experienced retirements in June (costs were self funded at the end of 2009)
- ⌘ Freezing 2009 Capital purchases – Early 2009
- ⌘ Wage freeze for Calendar Year 2009 starting in January
- ⌘ City chose not to use reserves to address State LGA Government unallotments; while many cities utilized reserves
- ⌘ Examples of delaying or not filling all positions:
  - Police Dept
  - Parks, Recreation, & Community Education
  - Legal
  - Motor Pool (multi-department maintenance program)

# City of Hutchinson

## COUNCIL PARAMETERS

### ⌘ Council Set 2010 Budget Parameters

☒ Preliminary Tax Levy Not To Increase by More Than 5%

☒ Preliminary General Fund tax levy 4.97%

- Levy & Budget Includes Voter Approved Special Mosquito Levy of \$35,000

### ⌘ Local Government Aid (LGA)

☒ Reduction of \$627,987 (Governors Proposed Reduction - DOR)

### ⌘ Utilities Transfer

☒ 2010 Budget Currently includes a \$200,000 reduction in anticipation for 2011 Short Fall

# City of Hutchinson



## ⌘ Staff level Changes to the General Fund:

- ☒ (1) Park Supervisor – Eliminated through Retirement
- ☒ (2) Street Maintenance EE positions – Eliminated through retirement
- ☒ (1) Assistant Finance Director – Funded by Enterprise Funds
- ☒ (1) Add Part-Time Legal Assistant

## ⌘ Current Vacancies – *Currently Budgeted*

- ☒ Police Lieutenant
- ☒ Police Sergeant
- ☒ Park Maintenance Operator
- ☒ Park Shop Supervisor

# City of Hutchinson

## GENERAL FUND

### ⌘ Compensation

- ☒ Budgeted 2% COLA Increase & Performance Increases

### ⌘ Insurances

- ☒ 20% Budgeted for Health & 10% Dental Increases ( May need to adjust still )

### ⌘ Transfers

- ☒ 5% increases from Creekside, Liquor, Hutchinson Utilities, Hospital
- ☒ 5% increase from the General Fund to the Capital Projects Fund
- ☒ Water & Sewer Remain Flat

### ⌘ Contingency

- ☒ 1% of General Fund Expenditures

# 2010 Preliminary Budget

<i>Description</i>	2008 Budget	2009 Budget	2010 BUDGET	Assumptions
<b>REVENUES</b>				
Taxes	3,981,000	4,184,810	4,392,300	5% Increase w/35,000 in mosquito levy
Delinquent Taxes	12,000	12,000	12,000	(3.9% levy limit, .5% for growth in
Licenses	56,300	57,989	58,281	households, market value & P & F PERA Inc.)
Permits	336,180	304,696	297,596	
Intergovernmental (Aids, Homestead Cr...etc)	424,575	378,471	379,971	
LGA	2,180,166	2,205,753	1,784,272	Unallotment amount \$627,987 DOR
Charges for Services	1,778,073	1,757,664	1,767,647	
Fines & Forfeitures	45,000	45,000	45,000	
Interest Income	70,000	70,000	70,000	
Refunds & Reimbursements	402,950	408,632	419,850	
Transfers	194,774	157,000	160,000	
W/S Fund Transfer	129,800	136,290	136,290	No Increase
Creekside Transfer	-	52,500	55,125	5% Increase
Liquor Transfer	332,000	348,600	366,030	5% Increase
Hospital Transfer	150,000	157,500	165,375	5% Increase
Utilities Transfer	1,105,000	1,160,250	1,018,263	Factored a reduction \$200,000
Surcharges	1,000	1,000	1,000	
Fund Balance	10,000	47,168	10,000	
<b>Total Revenues</b>	<b>11,208,818</b>	<b>11,485,323</b>	<b>11,139,000</b>	
<b>EXPENDITURES</b>				
Salaries & Benefits	7,405,549	7,727,061	7,207,049	20% Insurance Inc, 2% COLA, Prior Year Merit Inc.
Supplies & Maintenance	572,811	615,630	630,373	Patrol Officer Reduction
Consulting (Professional & Contractual Services)	386,849	429,858	447,768	Contingency Funds approx. 1%
Services & Charges	2,105,515	1,965,735	2,084,311	
Capital Projects Fund Transfer	436,000	457,800	480,690	
Miscellaneous Transfers	89,300	89,300	89,300	
Miscellaneous Expenses	149,394	150,739	150,309	
Capital Outlay	63,400	49,200	49,200	
<b>Total Expenditures</b>	<b>11,208,818</b>	<b>11,485,323</b>	<b>11,139,000</b>	
<b>Total Revenues over/(under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	

# Property Tax Impact

## Homestead Property

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	<u>2009</u>	<u>2010</u>
Est Avg Market value	\$ 142,000	\$ 142,000
Tax Capacity	1,420	1,420
Est City Tax	789	806
<b>Est Yearly increase in Cost</b>		<b>\$ 16.81</b>
<b>Per Day Cost</b>	<b>\$ 2.16</b>	<b>\$ 2.21</b>

# 5 Year Budget 2010-2014

## 5 YEAR BUDGET PROJECTIONS

<i>Description</i>	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget	Assumptions
<b>REVENUES</b>						
Taxes	4,392,300	4,611,915	4,842,511	5,084,636	5,338,868	5% increase
Delinquent Taxes	12,000	12,000	12,000	12,000	12,000	
Licenses	58,281	60,029	61,830	63,685	65,596	3% increase
Permits	297,596	306,524	315,720	325,191	334,947	3% increase
Intergovernmental (Aids..etc)	379,971	379,971	379,971	379,971	379,971	
LGA	1,784,272	1,784,272	1,784,272	1,784,272	1,784,272	
Charges for Services	1,767,647	1,820,676	1,875,297	1,931,556	1,989,502	3% increase
Fines & Forfeitures	45,000	45,000	45,000	45,000	45,000	
Interest Income	70,000	70,000	70,000	70,000	70,000	
Refunds & Reimbursements	419,850	419,850	419,850	419,850	419,850	
Transfers	160,000	160,000	160,000	160,000	160,000	
W/S Fund Transfer	136,290	136,290	136,290	136,290	136,290	
Creekside Transfer	55,125	57,881	60,775	63,814	67,005	5% increase
Liquor Transfer	366,030	384,332	403,548	423,725	444,912	5% increase
Hospital Transfer	165,375	173,644	182,326	191,442	201,014	5% increase
Utilities Transfer	1,018,263	1,069,176	1,122,635	1,178,767	1,237,705	5% increase
Surcharges	1,000	1,000	1,000	1,000	1,000	
Fund Balance	10,000	-	10,000	-	10,000	
<b>Total Revenues</b>	<b>11,139,000</b>	<b>11,492,560</b>	<b>11,883,025</b>	<b>12,271,200</b>	<b>12,697,932</b>	
<b>EXPENDITURES</b>						
Salaries & Benefits	7,207,049	7,567,401	7,945,772	8,343,060	8,760,213	5% Increase
Supplies & Maintenance	630,373	649,284	668,763	688,826	709,490	3% increase
Consulting (Prof & Contractual Services)	447,768	447,768	447,768	447,768	482,768	
Services & Charges	2,084,311	2,146,840	2,211,246	2,277,583	2,345,910	3% increase
Utility Transfer	480,690	504,725	529,961	556,459	584,282	5% Increase
Miscellaneous Transfers	89,300	89,300	89,300	89,300	89,300	
Miscellaneous Expenses	150,309	150,309	150,309	150,309	150,309	
Capital Outlay	49,200	49,200	49,200	49,200	49,200	
<b>Total Expenditures</b>	<b>11,139,000</b>	<b>11,604,827</b>	<b>12,092,318</b>	<b>12,602,504</b>	<b>13,171,473</b>	
<b>Total Revenues over/(under) Expenditures</b>	<b>-</b>	<b>(112,268)</b>	<b>(209,293)</b>	<b>(331,304)</b>	<b>(473,541)</b>	