

**EXECUTIVE SUMMARY**  
**2014 BUDGET**  
**(Updated: 7/15/2013)**

**BACKGROUND**

Residential and commercial assessed values for 2014 have remained consistent with 2013 and have only decreased 1% from 2008 values.

Equalized values for 2014 dropped 4.4% over 2013 and have declined 14% since 2008. A full City re-evaluation will be done during 2014 to bring assessed values in line with market values.

The City's Tax Levy has remained relatively constant for the past seven years and in 2013 the City's rate was reduced by \$.13/1000 due to Tax Increment District 3 closure. In 2013 the tax levy was used to fund the General Fund (73%), Library (11.1%), Debt Service (13.5%) and Transit (2.4%).

Entering 2013 the City improved its reserves in the Health Fund, Worker's Comp. Fund and General Fund. The Motor Vehicle Fund reduced slightly.

Staffing levels for the City over the past eight years have been reduced by 14.1% or 51 full-time equivalents. There was a net one person reduction from 2013 to 2014.

**2014 BUDGET**

The assumptions used to prepare the 2014 Budget were escalation of 2.5% of payroll (consistent with Police/Fire contracts) WRF contribution changes approved by the State and an increase in the Dental Premium of 4%. Stepping off from the 2013 Budget, escalation was \$540,000 with benefits, which included delays in the 2013 Budget for new hires during the year impact 2014 by \$149,000, and two additional elections in 2014 caused an increase of \$110,000, increased dental premium was \$61,000 and loss in CDBG funding of \$120,000. This created an increase to the Expense Budget of \$1,034,000. On the revenue side there was a reduction of \$225,000 for the end of the three-year Police Grant. The combined deficit before the budget process started was \$1,259,000.

During May and June there were two rounds of budget reviews and the current 2014 Preliminary Budget for expenses was reduced from \$1,036,000 to \$454,000 and revenue from \$225,000 under to \$161,000 over 2013 levels. The net shortfall currently for 2014 is \$293,000.

The following are the increases in 2014 vs. 2013

GENERAL GOVERNMENT	\$27,000	-
CITY DEVELOPMENT	\$125,000	16.8%
POLICE	\$31,000	.2%
FIRE	\$100,000	1.3%
PUBLIC WORKS	\$171,000	1.6%
<b>TOTAL</b>	<b>\$454,000</b>	<b>1.3%</b>

Overall employee cost in the General Fund is 79%. General Government is 70%, City Development 83%, Police 90%, Fire 94% and Public Works is 59%.

Wages for 2014 increased over 2013 by \$645,000.

ESCALATION	\$460,000
DELAY IN HIRING PERSONNEL	\$149,000
PART-TIME POSITION ELIMINATION	(\$23,000)
CLOTHING ALLOWANCE	\$59,000

Fringe Benefits for 2014 decreased over 2013 by \$105,000

FICA	\$33,000
HEALTH/RETIREE DENTAL INSURANCE	(\$79,000)
CLOTHING ALLOWANCE	(\$59,000)

Non-Payroll costs for 2014 decreased over 2013 by \$86,000

UTILITIES	(\$11,000)
CONTRACTED SERVICES	(\$95,000)
SUPPLIES/OTHER	\$59,000
CAPITAL	(\$39,000)

Revenue for 2014 increased over 2013 by \$161,000

POLICE GRANT/PARKING FINES	(\$186,000)
PUBLIC WORKS FEES	(\$13,000)
BLDG. INSPECTION FEES	\$60,000
CITY CLERK'S FEES	(\$10,000)
FINANCE-WATER UTILITY PILOT	\$80,000
INCREASED TRANSFERS: MUN. COURT & AMBULANCE	\$159,000
LEVY TRANSFER	\$71,000

The 2014 Budget assumes the same level of services provided in 2013. The challenge is 79% of the General Fund is employee cost, 12.5% is Public Works non-payroll costs for infrastructure (roads, parks, etc.) and the balance of 8.5% is to support all other non-payroll costs for all other departments.

If the Council so chooses to bring the levy rate back to the 2012 level (.13/1000 increase) there would be no need for further cost reductions in the 2014 Budget.

For 2014 the cost for City services is as follows:

PUBLIC PROTECTION & SAFETY	\$20,136,000	57%
PUBLIC WORKS	\$10,638,000	30%
GENERAL GOVERNMENT	\$ 3,878,000	11%
CITY DEVELOPMENT	\$ 867,000	2%