



**City of Centerville
2013 Budget and Levy**

December 12, 2012

Prepared By:

**Mike Jeziorski
Finance Director**

Introduction

Honorable Mayor and City Council,

Enclosed is the 2013 budget as prepared by City Staff, in accordance with City Council guidance. As you are aware, the construction of the 2013 budget is a year long process commencing with Mayor, Council, and Staff input, budget work sessions, and finally culminating in the provided document. Some of the initiatives and goals that were set during this budget process included maintaining the current level of city services, reconstructing various streets, incorporating a savings plan for both street maintenance and capital equipment, constructing a new volleyball court, keeping constant the current overall levy, and maintaining appropriate levels of fund balances.

General Fund Budget Summary

Revenue

Property Tax (Tax Levy): The property tax levy as proposed is projected to remain constant at \$2,268,600 for 2013 or 0% change from 2012. The components of the 2013 levy are chronicled below:

<i>General Levy</i>	<i>\$1,739,600</i>
<i>2005 A Bond Levy</i>	<i>\$70,000</i>
<i>2009 A Bond Levy</i>	<i>\$215,000</i>
<i>2011 A Bond Levy</i>	<i>\$244,000</i>
<i>Total</i>	<i>\$2,268,600</i>

Special Assessments: The City is projecting a 71% increase in this classification and is budgeted at \$24,000 for 2013. This increase is associated with payment schedules that had their principal payments deferred until 2013.

Licenses and Fee: The City is projecting an increase in this revenue classification for 2013 and is budgeting \$30,100 or a 19% increase from the 2012 budgeted amount.

Building Inspection (Permits): The City is projecting an increase in this category during 2013 and is budgeting \$65,500 or a 26% increase from the 2012 budgeted amount.

Fines and Forfeits: The City is projecting no change in this revenue classification and is budgeting \$33,500 for 2013.

Recycling (Score Funds): The City receives reimbursement in the form of SCORE funds from Anoka County for all related recycling activities. This classification's revenue is projected to remain stable at \$16,500 for 2013.

Interest Earnings: The City is projecting a decrease in interest earnings for 2013 and is budgeting \$15,000 for 2013. This decrease is attributed to interest rates continued decline and the amount of cash able to be invested decreased.

Overall, general fund revenues are budgeted at \$2,083,300 or a 1% increase from the 2012 budget. For a graphical representation of revenues please see Appendix A and B.

Expenditures

General Government: General Government expenditures include Salaries / Benefits, Supplies and Purchased Services in conjunction with activities performed by the Mayor, four City Council Members and the four employee City Administration team. Salary line items include a 2% structure increase (COLA), a step increase for one eligible employee, and a \$300 annual increase to the employer insurance contribution. Required employer contributions for the Public Employee Retirement Association will remain the same at 7.25% for 2013. Also included in this classification is Legal and Assessing costs, which are a contract for service and are budgeted at \$80,000 and \$16,000, respectively. Overall, General Government expenditures are budgeted at 482,700 for 2013 or a 4% decrease from the 2012 budget.

Public Safety: The City of Centerville has a joint powers agreement with Circle Pines and Lexington that funds the Centennial Lakes Police Department. A similar arrangement with Lino Lakes and Circle Pines funds the Centennial Fire District. Each of these arrangements is paid through a formula that allocates costs to each city. Centerville's portion of the Centennial Lakes Police Department is \$676,500 or a 2% increase from 2012. Centerville's portion for the Centennial Fire District is \$123,500 or a 2% decrease from 2012. The budget also includes \$102,000 in pass through fire relief aide expenditures. Overall, Public Safety expenditures are budgeted at 1,020,500 for 2013 or a 0% change from the 2012 budgeted amount.

Public Works: The City of Centerville Public Works department has four full time employees and four seasonal employees that work to maintain the City parks, streets and utility operations. Salary line items include a 2% structure increase (COLA), a step increase for one eligible employee, and a \$300 annual increase to the employer insurance contribution. Overall, Public Works related expenditures are budgeted at \$318,700 or a 7% decrease from the 2012 budgeted amount.

Culture and Recreation: The Culture and Recreation budget consists of expenditures incurred by the city's committee, respective recreation programs and city festival. Culture and Recreation expenditures are budgeted at \$19,300 for 2013 or a 2% increase from 2012.

Capital Outlay:

\$54,000 – Future Equipment Savings

\$168,900 – Street Maintenance Savings

\$18,755 – Volleyball Court (reserves)

\$1,700,000 – Various Street Reconstruction (assessments and bond issue)

Overall, the 2013 General Fund expenditures total \$2,083,300 or a 0% change from 2012. For a graphical representation of expenditures please see appendix C and D.

Fund Balance

General Fund: The City of Centerville has historically maintained a healthy fund balance, which contributes positively to the city’s bond rating and mitigates the potential for needing short term borrowing. Council has a targeted fund balance reserve of 40 to 50% of current expenditures or a target between (\$833,000 to \$1,042,000). The below represents the last four years of historic general fund balance and the next two years projected general fund balances based on budgeted data. Please note that the City is projecting a fund balance of \$1,110,324 at the end of 2013, which is 53% of 2012 budgeted expenditures. Also, of that projected \$1,110,324 fund balance the City has reserved \$18,755 all for the construction of a single Volleyball Court.

- 2008 \$1,157,516**
- 2009 \$1,231,325**
- 2010 \$1,068,411**
- 2011 \$1,142,324**
- 2012 \$1,110,324**
- 2013 \$1,110,324**

Tax Rate / Tax Capacity

Taxable market valuations again fell another 7% (in tax capacity terms) for 2013 so the overall tax rate is projected to rise to 71.14% in 2013 even though the levy was maintained at the 2012 level. That being said, the tax rate is only one of the two variables one must consider before evaluating the true effect on their respective property taxes—the other is the 2013 tax capacity. Cities in Minnesota levy actual dollar amounts and the tax rate is merely the formula for allocating the share to each parcel. For a graphical representation of historic tax rates see appendix E.

Tax Capacity Breakdown

	2012	2013	%
Personal Property	43,996	48,386	2%
Agriculture	5,492	6,026	0%
Residential Homestead	2,345,498	2,171,403	75%
Residential Non-Homestead	273,412	264,172	9%
Commercial / Industrial	448,704	400,322	14%
Total	3,117,102	2,890,309	100%
		-7.28%	

Debt Service Fund Budget Summary

The City currently has four outstanding bond issues—2005A, 2009A, 2009B, 2011A. Outstanding principal obligations for these four bond issues are projected to be \$8,066,020 at December 31, 2013. The City anticipates to fund its 2013 street project with a new debt issue at roughly \$1,500,000 so the City is projected to have \$9,566,020 in debt principal balances at the end of 2013.

Debt Service Revenue: Each bond issue is supported by a levy (2009B series being the only exception) and an assortment of special assessments. The Debt service fund levy and special assessment revenue for 2013 is budgeted at \$529,000 and \$248,000 respectively.

Debt Service Expenditures: Debt Service expenditures include principal and interest payments on the respective bond issues along with fiscal agent fees associated with their annual maintenance. The Debt service principal/interest payments and fiscal agent fees are budgeted at \$998,703 for 2013.

Utility Fund Budget Summary

The City of Centerville utilizes an enterprise fund accounting system that isolates revenue and expenditures for each of its water, sewer and storm water operations. To that end, each fund is supported through a set of user fees that are analyzed on an annual basis to ensure the proper set of reserves are maintained in order to meet on going cash flow needs and to replace existing infrastructure as it becomes depreciated.

Water Fund Rates

The typical water customer can be classified into two different categories—residential and commercial each with a fixed and or variable component to the cost structure. There are currently 1,299 residential parcels (1,046 hooked on to water) and 75 commercial parcels (44 hooked onto water) customers. The proposed 2013 rates remain the same as 2012 and are chronicled below:

Water	2012	2013 - Proposed
Residential - Fixed Charge	21.00 per quarter	21.00 per quarter
Variable - Rate per thousand gallons per quarter (0 - 90,000)	2.00	2.00
Variable - Rate per thousand gallons per quarter (90,000 - 150,000)	2.20	2.20
Variable - Rate per thousand gallons per quarter (150,000 - xxx)	2.50	2.50
Commercial - Fixed Charge	21.00 per quarter	21.00 per quarter
Variable - Rate per thousand gallons per quarter (0 - 500,000)	2.00	2.00
Variable - Rate per thousand gallons per quarter (500,000 - xxx)	2.50	2.50

Water Fund Revenue: These water rates are projected to produce water sales of \$290,000. Other miscellaneous revenues in this classification are budgeted at \$68,000, which provides a total revenue budget of \$358,000 for 2013.

Water Fund Expenditures: Expenditures in this classification include personnel time maintaining the water treatment system/utility billing system, chemicals, depreciation on existing infrastructure and other miscellaneous items. Water fund expenditures are budgeted at \$358,000 for 2013 of which \$182,000 is depreciation.

Sewer Fund Rates

The 2013 sewer rate structure is proposed to change from a strictly fixed rate structure to one that has both a fixed and variable component. The first component is a flat fee covering the City's fixed and variable costs for sewer collection (Collection Rate). The second component is set up to cover the variable charge associated with wastewater treatment (Treatment Fee). The treatment charge will be the Treatment Fee rate multiplied by the water meter use for the billing quarter—an average will be taken from the months October through December and January through March providing a winter average. If the home is unoccupied during a significant part of the winter period, the average shall be manually calculated using other reasonable means to determine the anticipated sewer treatment volume. Sewer-only customers shall be charged a flat rate per SAC unit.

Sewer	2012	2013 – Proposed
Residential – Fixed Charge	\$65.00 per quarter	\$37.00 per quarter
Residential - Variable Charge	N/A	\$1.90 per 1,000 gallons
Commercial – Fixed Charge	\$65.00 sac unit / quarter	\$55.00 sac unit / quarter
Commercial – Variable Charge	N/A	\$1.90 per 1,000 gallons

Sewer Fund Revenue: These sewer rates are projected to produce sewer user revenue of \$377,000. Other miscellaneous revenues in this classification are budgeted at \$53,400, which provides a total revenue budget of \$430,400.

Sewer Fund Expenditures: The largest component of this expenditure classification is primarily made up of charges administered by Metropolitan Council Environmental Services for waste water treatment--\$194,000. Other expenditures include personnel time maintaining the sewer lift stations/utility billing system and depreciation on existing infrastructure. Sewer fund expenditures are budgeted at \$430,400 for 2013 of which \$119,000 is depreciation.

Storm Fund Rates

The 2013 storm water rates propose an increase from \$12.00 per quarter to \$13.00 per quarter for residential. Commercial properties will see an increase of 8% and is proposed to increase from .00344 to .00372 per square foot with a minimum of \$13.00 per quarter.

Storm	2012	2013 - Proposed
Residential - Fixed Charge	12.00 per quarter	13.00 per quarter
Commercial - Fixed Charge	0.00344 per square foot	0.00372 per square foot

Storm Fund Revenue: These storm water rates are projected to produce revenues of \$95,000, which is an increase of roughly \$8,000 over 2012. Other miscellaneous revenues in this classification are budgeted at \$5,000, which provides a total revenue budget of \$100,000.

Storm Fund Expenditures: Expenditures in this classification include personnel time maintaining the storm sewers, pond dredging, ditch cleaning, permanent transfer to debt service, depreciation on existing infrastructure and other miscellaneous items. Expenditures in this classification are budgeted at \$100,000 for 2013 of which \$28,000 is depreciation.

Acknowledgments

I would like to acknowledge and thank Mayor Wilharber, Council Member Love, Council Member Paar, Council Member Fehrenbacher, Council Member King, City Administrator Dallas Larson and all City staff for their assistance in completing this budget. With that, I present to you the 2013 budget.

Respectfully Submitted,

Mike Jeziorski

Finance Director

**City of Centerville
Proposed Budget - Summary
Fiscal Year 2013**

Account Description		2010 Actual	2011 Actual	2012 Actual - 11/30/12	FY 2012 Budget	FY 2013 Budget	% Change
General Fund							
Revenues							
	Property Tax	1,651,845.55	1,696,420.74	880,867.37	1,739,600.00	1,739,600.00	0%
	Special Assessments	28,090.09	20,349.68	11,109.25	14,000.00	24,000.00	71%
	State Grants	1,333.00	1,333.00	666.50	1,300.00	1,300.00	0%
	Licenses and Fees	32,474.81	46,366.56	29,483.85	25,400.00	30,100.00	19%
	Building Inspection Permits	58,331.13	65,000.77	87,460.43	52,000.00	65,500.00	26%
	Fines and Forfeits	36,027.81	27,876.47	37,904.89	33,500.00	33,500.00	0%
	Police State Aid	34,627.34	32,919.00	31,272.00	35,000.00	35,000.00	0%
	Fire Relief Aid	101,711.00	104,828.00	109,005.18	102,000.00	102,000.00	0%
	Animal Control	1,177.00	385.00	-	-	-	N/A
	Public Works / Antenna Lease	53,978.70	50,139.52	114,362.68	18,000.00	18,500.00	3%
	Park and Recreation	4,130.00	13,946.35	11,397.57	2,500.00	2,300.00	-8%
	Recycling	16,639.56	16,594.51	1,965.64	16,500.00	16,500.00	0%
	Other	92.00	380.00	420.00	-	-	N/A
	Interest Earnings	13,675.36	17,482.52	14,166.09	20,000.00	15,000.00	-25%
Total Revenues - General Fund		2,034,133.35	2,094,022.12	1,330,081.45	2,059,800.00	2,083,300.00	1%
Expenditures							
General Government							
	Council	30,126.18	30,471.80	25,219.33	31,800.00	31,500.00	-1%
	Administration	344,722.21	349,673.41	280,713.95	332,800.00	317,500.00	-5%
	Elections	6,556.03	-	4,559.51	6,600.00	-	N/A
	Planning and Zoning	1,397.10	1,646.90	1,786.91	2,400.00	2,500.00	4%
	Auditing	15,735.00	15,000.00	15,500.00	15,500.00	16,000.00	3%
	Assessing	15,429.00	15,453.00	11,716.50	16,000.00	16,000.00	0%
	Law and Legal	88,223.67	93,452.77	54,110.37	75,000.00	80,000.00	7%
	City Hall	16,476.29	16,249.52	10,013.60	20,800.00	19,200.00	-8%
Total General Government		518,665.48	521,947.40	403,620.17	500,900.00	482,700.00	-4%
Public Safety							
	Police Protection	689,896.68	657,621.96	605,923.89	661,000.00	676,500.00	2%
	Fire Protection	214,465.00	223,700.00	231,616.18	228,500.00	225,500.00	-1%
	Building Inspection	146,404.77	131,705.78	101,152.52	124,300.00	113,900.00	-8%
	Civil Defense	1,505.80	1,843.30	1,506.24	1,500.00	1,500.00	0%
	Animal Control	535.80	1,501.60	-	1,100.00	1,100.00	0%
	Other Protection	1,044.00	1,546.00	1,546.00	2,000.00	2,000.00	0%
Total Public Safety		1,053,852.05	1,017,918.64	941,744.83	1,018,400.00	1,020,500.00	0%
Public Works							
	Public Works - General	226,038.18	248,835.96	180,310.52	215,000.00	192,000.00	-11%
	Public Works - Streets	69,072.51	54,167.14	170,455.99	56,500.00	55,500.00	-2%
	Public Works - Parks Maintenance	67,990.09	73,883.25	69,368.96	71,600.00	71,200.00	-1%
Total Public Works		363,100.78	376,886.35	420,135.47	343,100.00	318,700.00	-7%
Engineering							
	Engineering	8,254.28	9,176.35	4,098.22	2,500.00	2,500.00	0%
Total Public Works		8,254.28	9,176.35	4,098.22	2,500.00	2,500.00	0%
Culture and Recreation							
	Parks and Recreation Committee	1,420.00	1,400.00	1,492.84	2,400.00	2,800.00	17%
	Parks and Recreation Programs	9,878.83	11,304.06	5,746.01	11,000.00	11,000.00	0%
	Concessions	-	3,349.37	2,416.23	-	-	N/A
	City Festival	5,829.88	5,706.60	5,569.09	5,500.00	5,500.00	0%
Total Culture and Recreation		17,128.71	21,760.03	15,224.17	18,900.00	19,300.00	2%
Economic Development							
	Economic Development	398.96	7,628.01	-	-	-	N/A
Total Economic Development		398.96	7,628.01	-	-	-	N/A
Recycling and Other							
	Recycling	16,639.56	16,594.51	5,548.61	16,500.00	16,700.00	1%
Total Recycling / Other		16,639.56	16,594.51	5,548.61	16,500.00	16,700.00	1%
Capital Outlay							
	Capital Outlay	219,006.30	48,199.05	189,000.00	191,500.00	222,900.00	
Total Capital Outlay		219,006.30	48,199.05	189,000.00	191,500.00	222,900.00	16%
Total Expenditures - General Fund		2,197,046.12	2,020,110.34	1,979,371.47	2,091,800.00	2,083,300.00	0%
Excess of Revenues over Expenditures - General Fund		(162,912.77)	73,911.78	(649,290.02)	(32,000.00)	-	
Tax Levies							
	General Fund Tax Levy				1,739,600.00	1,739,600.00	0%
	2005 A				70,000.00	70,000.00	0%
	2009 A				215,000.00	215,000.00	0%
	2011 A				244,000.00	244,000.00	0%
Total Levy			-		2,268,600.00	2,268,600.00	0.0%

**City of Centerville
Proposed Budget - Summary
Fiscal Year 2013**

Debt Service

Fund Description Fund Number	2005 A 309	2009 B 348	2011A 349	2009 A 351	Total
Revenue					
Levy	70,000	-	244,000	215,000	529,000
Charges for Services					-
Hook Up Fees					-
Special Assessments		62,506	88,740	96,582	247,828
Interest Earnings	500	3,000	5,000	4,000	12,500
Miscellaneous				47,250	47,250
Total Revenue	70,500	65,506	337,740	362,832	836,578
Expenditures					
Salaries & Benefits					-
Fees and Charges					-
Supplies					-
Depreciation					-
Capital Outlay					-
Debt Service - Principal	53,958	175,000	350,000	135,000	713,958
Interest	21,086	56,500	42,653	163,006	283,245
Fiscal Agent Fees	-	500	500	500	1,500
Total Expenditures	75,044	232,000	393,153	298,506	998,703
Revenue over Expenditures	(4,544)	(166,494)	(55,413)	64,326	(162,125)

City of Centerville
Proposed Budget - Summary
Fiscal Year 2013

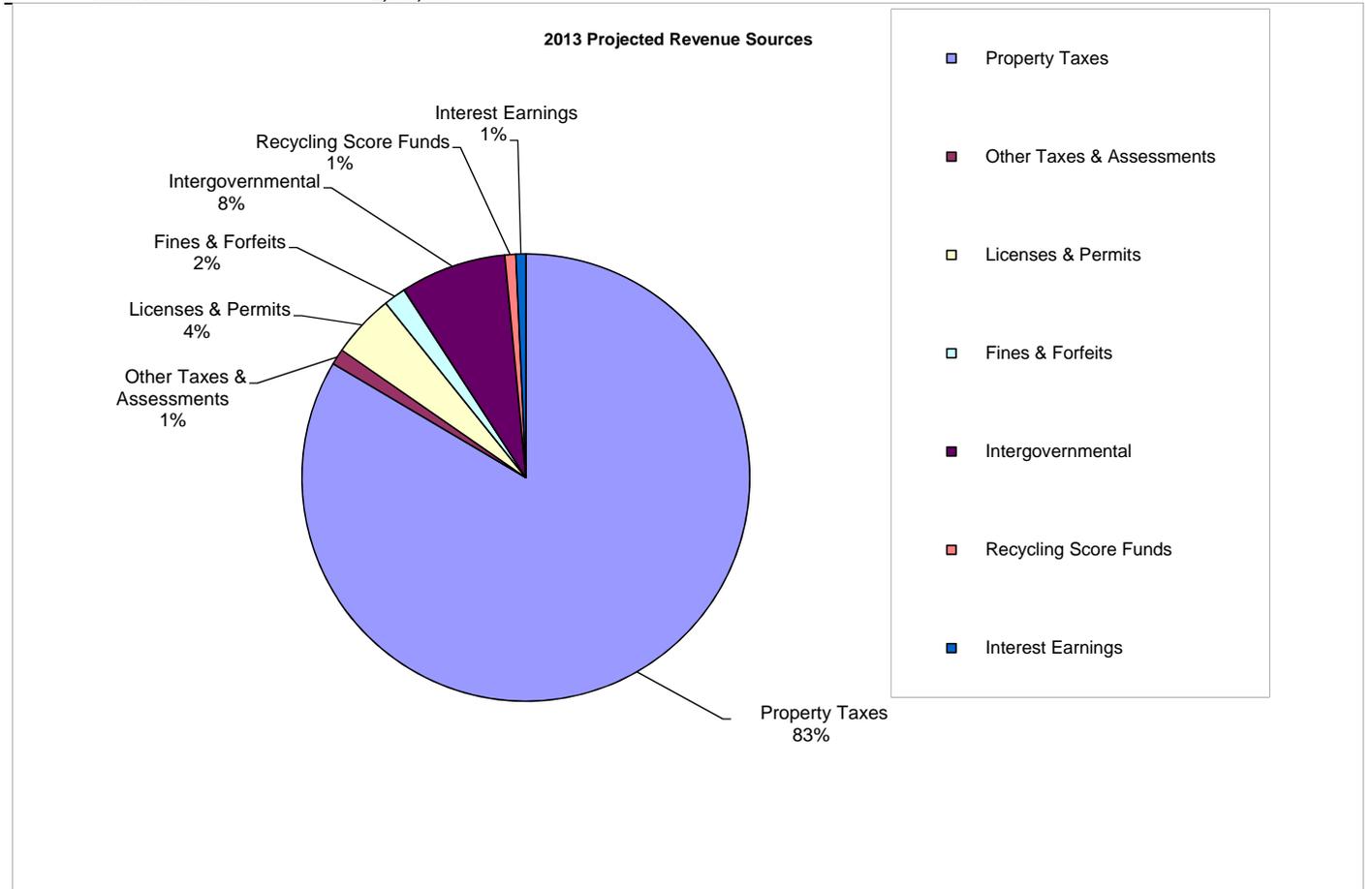
Enterprise Funds

Fund Description	Water	Sewer	Storm
Fund Number	601	602	603
Revenue			
Levy	-	-	-
Charges for Services	290,000	377,000	95,000
Hook Up Fees	18,500	7,400	-
Special Assessments	30,000	20,000	-
Interest Earnings	13,000	26,000	3,000
Miscellaneous	6,500	-	2,000
Total Revenue	358,000	430,400	100,000
Expenditures			
Salaries & Benefits	86,900	87,400	37,300
Fees and Charges	55,300	220,100	32,400
Supplies	30,600	2,800	700
Depreciation	182,000	118,900	28,000
Capital Outlay	3,200	1,200	
Debt Service - Principal			
Interest			1,600
Fiscal Agent Fees			
Total Expenditures	358,000	430,400	100,000
Revenue over Expenditures	-	-	-

2013 Projected Revenue Sources

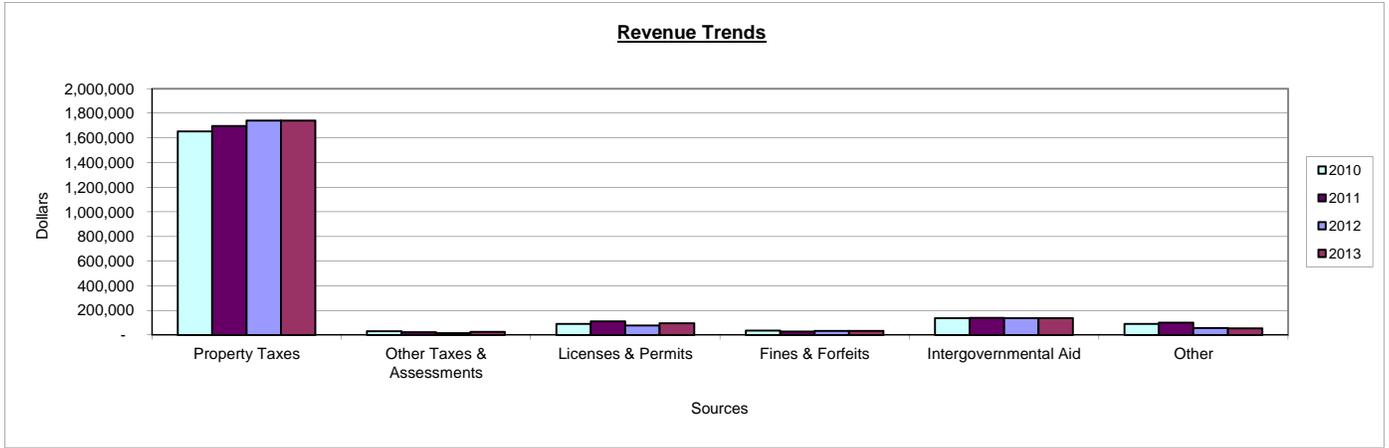
Property Taxes	1,739,600
Other Taxes & Assessments	24,000
Licenses & Permits	95,600
Fines & Forfeits	33,500
Intergovernmental	159,100
Recycling Score Funds	16,500
Interest Earnings	15,000

Total Revenue 2,083,300



Revenue Trends

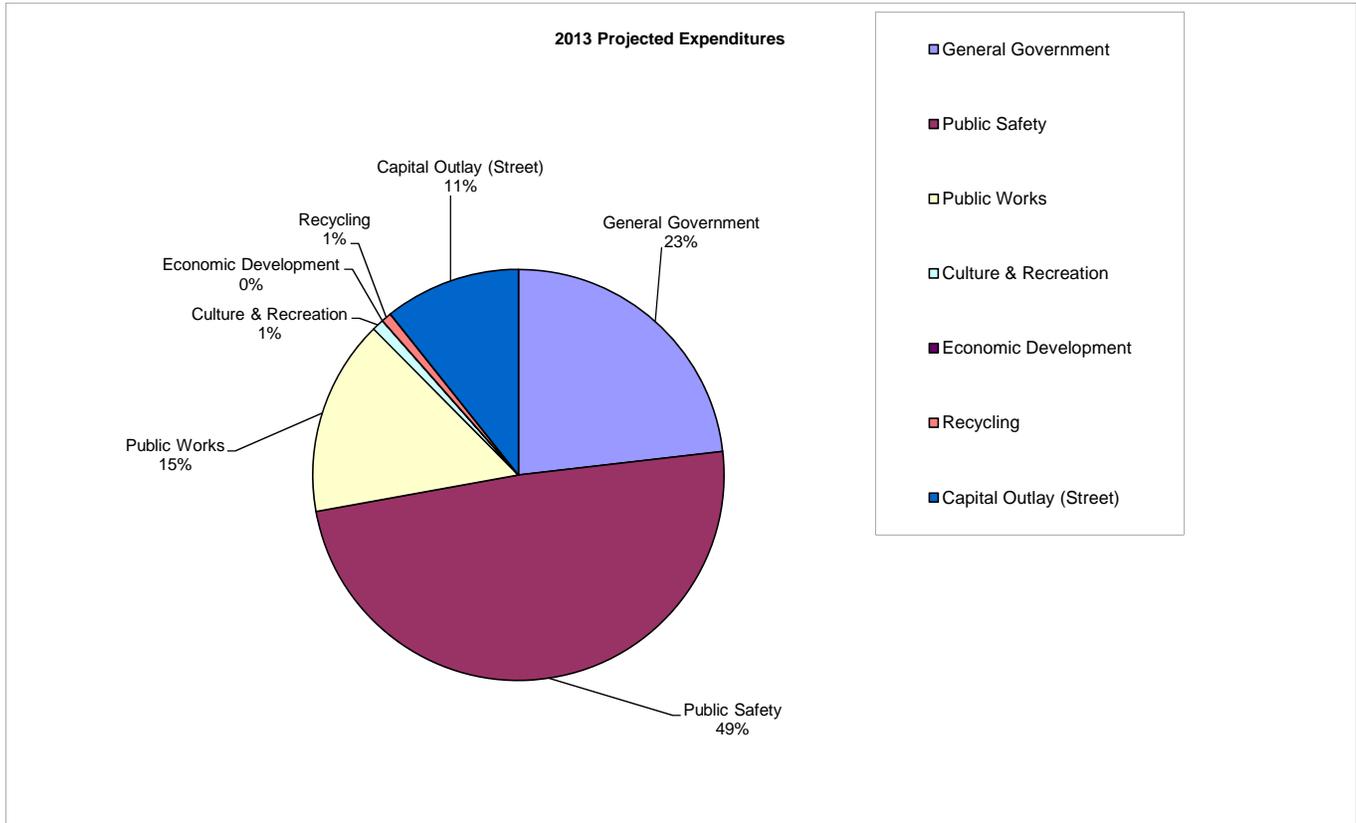
	Property Taxes	Other Taxes & Assessments	Licenses & Permits	Fines & Forfeits	Intergovernmental Aid	Other
2010	1,651,846	29,423	90,806	36,028	136,338	89,693
2011	1,696,421	21,683	111,367	27,876	137,747	98,928
2012	1,739,600	15,300	77,400	33,500	137,000	57,000
2013	1,739,600	25,300	95,600	33,500	137,000	52,300



2013 Projected Expenditures

General Government	482,700
Public Safety	1,020,500
Public Works	321,200
Culture & Recreation	19,300
Economic Development	-
Recycling	16,700
Capital Outlay (Street)	222,900

Total Expenditures	2,083,300
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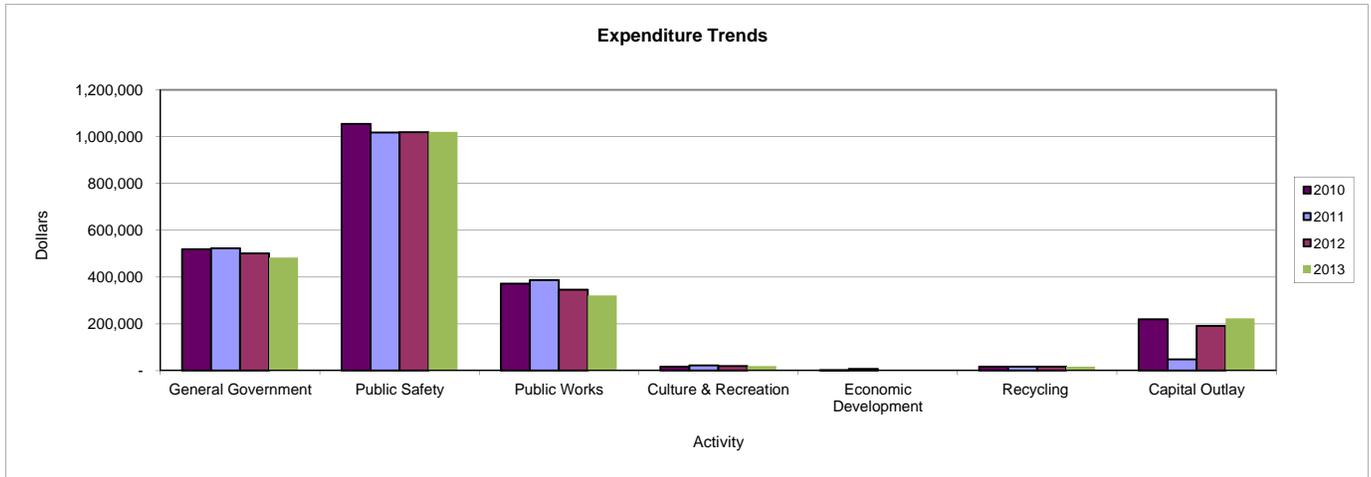


Appendix - D

Expenditure Trends

	2010	2011	2012	2013
General Government	518,665	521,947	500,900	482,700
Public Safety	1,053,852	1,017,919	1,018,400	1,020,500
Public Works	371,355	386,063	345,600	321,200
Culture & Recreation	17,129	21,760	18,900	19,300
Economic Development	399	7,628	-	-
Recycling	16,640	16,595	16,500	16,700
Capital Outlay	219,006	48,199	191,500	222,900

	General Government	Public Safety	Public Works	Culture & Recreation	Economic Development	Recycling	Capital Outlay
2010	518,665	1,053,852	371,355	17,129	399	16,640	219,006
2011	521,947	1,017,919	386,063	21,760	7,628	16,595	48,199
2012	500,900	1,018,400	345,600	18,900	-	16,500	191,500
2013	482,700	1,020,500	321,200	19,300	-	16,700	222,900



Appendix - E

Tax Capacity

	Payable 2008	Payable 2009	Payable 2010	Payable 2011	Payable 2012	*Payable 2013
Tax Capacity	4,022,893	4,076,519	3,805,124	3,516,771	3,117,102	2,890,309
TIF Captured Value	-	-	-	-	-	-
AW Contribution	(198,645)	(216,705)	(207,779)	(216,839)	(205,098)	(188,496)
Net Tax Capacity	3,824,248	3,859,814	3,597,345	3,299,932	2,912,004	2,701,813

Certified Levy	1,985,600	2,043,820	2,231,700	2,268,800	2,268,600	2,268,600
Area-Wide Contribution	(233,876)	(258,608)	(276,430)	(334,086)	(323,527)	(346,419)
Local Levy	1,751,724	1,785,212	1,955,270	1,934,714	1,945,073	1,922,181

Tax Rate Trends

	2008	2009	2010	2011	2012	*2013
City Tax Rate	45.81%	46.25%	54.35%	58.63%	66.79%	71.14%
County Tax Rate	33.88%	33.59%	35.27%	42.45%	41.15%	44.33%
School Tax Rate	35.25%	34.59%	37.18%	43.66%	40.01%	44.87%
Other Tax Rate	5.47%	5.33%	7.64%	6.32%	8.37%	8.61%
Total Tax Rate	120.41%	119.76%	134.45%	151.06%	156.32%	168.95%

