



City of Centerville

**2015 Budget  
&  
2015-2019 Capital  
Improvement Plan**

Adopted December 10, 2014

## **General Fund Budget Summary**

### **Revenues**

**Property Tax Levy:** General Fund property tax revenue will increase 2.4%, or \$42,258, with the 2015 proposed budget. The proposed General Fund tax levy is **\$1,781,858**. A historical analysis of property tax levies is shown below:

City of Centerville	2008	2009	2010	2011	2012	2013	2014	Proposed 2015
<b><u>Tax Levies</u></b>								
General Fund Tax Levy	1,806,400	1,685,920	1,727,561	1,739,600	1,739,600	1,739,600	1,739,600	1,796,858
Debt Service Levy	179,200	357,900	504,100	529,200	529,000	529,000	536,700	591,200
<b>Total Levy</b>	<b>1,985,600</b>	<b>2,043,820</b>	<b>2,231,661</b>	<b>2,268,800</b>	<b>2,268,600</b>	<b>2,268,600</b>	<b>2,276,300</b>	<b>2,388,058</b>
<b>% Increases</b>		2.9%	9.2%	1.7%	0.0%	0.0%	0.3%	4.9%

**Special Assessments:** Special assessment revenue in the General Fund is expected to decrease 33.3% or \$6,000 in 2015. Most of the special assessments dedicated to this fund have been paid off. Special assessment revenue for the General Fund is expected to be **\$12,000** in 2015.

**Licenses & Permits:** Revenue from licenses and permits is expected to increase 15.4%, or \$14,200, due to an increasing trend in building permits issued. Budgeted revenue for licenses and permits is proposed at **\$106,300** for 2015.

**Charges for Services** include antenna leases, property rental, assessment searches and map sales. Budgeted revenue is unchanged from the prior year, at **\$21,500**.

**Intergovernmental Revenue** is expected to increase \$54,022, or 25.9% in 2015. This is due primarily to an increase in Fire State Aid, which is passed through to the Fire Relief Association. However, local government aid will increase \$7,022 in 2015, for a total of \$60,466. Police State Aid is also expected to increase \$3,000 in 2015. Total intergovernmental revenue budgeted for 2015 is **\$262,766**.

**Fines & Forfeits** revenue for 2015 is expected to remain the same as the prior year, **\$35,000**.

**Interest Revenue** is expected to be earned at the rate of approximately 1%. Budgeted interest revenue was reduced \$5,000, or 33.3% from the prior year. There was no interest revenue posted for 2013, due to a sizeable unrealized market value loss in a federal agency investment, which was recorded as negative interest earnings. GASB requires investments to be recorded at fair market value, even if the losses are not realized at maturity. Interest is allocated to all City funds. Total interest earnings budgeted for the General Fund in 2015 is **\$10,000**.

**Total 2015 Budgeted Revenues for the General Fund: \$2,244,424**

## **Expenditures**

### **General Government:**

**Administration** expenditures were reduced by \$38,600, or 11.65% from the prior year. This is primarily due to a reduction in the Finance Director position from 1.0 FTE to .18 FTE. The Finance Director is budgeted for about 7 hours per week.

**Elections** will not be held in 2015. Therefore, the budget was reduced from \$7,200 to \$600, or 91.67%.

**Auditing** was increased from \$16,000 to \$17,000, due to a potential increase in the contract.

### **Public Safety:**

**Police Protection** expenditures increased by \$39,680, or 5.77%, due to an increase in the contract from Centennial Lakes Police Department.

**Fire Protection** expenditures increased by \$44,539, or 19.5%, primarily due to an increase in the fire pension contribution, which is offset 100% by a State grant. The Centennial Fire District operating budget is not estimated to increase much in 2015, but may be significantly impacted in 2016 if the district includes only Centerville and Circle Pines.

**Building Inspection** expenditures increased by \$8,800, or 7.89%, due primarily increases in fuel charges and step and COLA increases for 2015.

### **Public Works:**

**Public Works General** budgeted expenditures increased by \$19,100, or 10.02%, from the prior year due to several factors: \$5,000 increase in workers' compensation insurance premiums, \$3,000 increase in fuel, \$1,000 increase in liability insurance, and wage & benefit increases.

**Streets** budgeted expenditures increased by \$3,000, or 5.41%, due to an increase in utility charges for street lighting.

**Engineering** budgeted expenditures increased by \$3,500, or 41.18%, due to an increase in the trend for engineering expenses. CSAH #21 and 21<sup>st</sup> Ave projects will impact this line item.

**Parks Maintenance** expenditures increased \$15,100, or 20.32%, in response to a request for additional maintenance items from the Park & Recreation Committee.

### **Culture & Recreation:**

**Parks & Recreation** expenditures increased by \$589, or 3%. Park Programs was increased by \$389, due to the anticipated spend down of reserves carried over from previous years.

**Capital Outlay:**

Capital Outlay expenditures increased by \$33,000, or 14.8%. Capital expenditures proposed for 2015 are as follows:

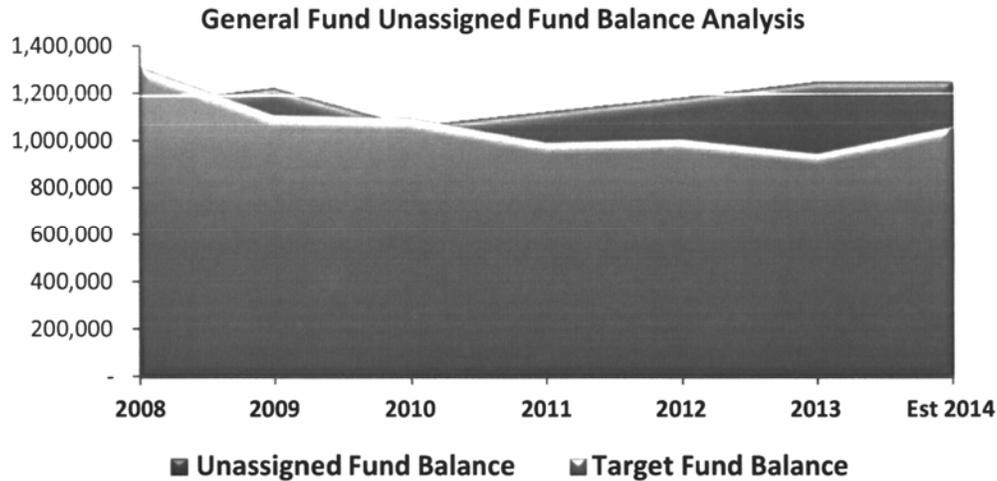
Administration	\$ 24,000	Copy machine and computers
Public Works	\$ 32,000	Equipment replacement reserves
Streets	<u>\$200,000</u>	Transfer to Street Capital Fund
Total Capital	<u>\$256,000</u>	

Total 2015 Budgeted Expenditures for the General Fund: \$2,244,424.

**Fund Balance**

The General Fund continues to have a healthy fund balance, which has been a positive factor in the City’s bond rating. The City’s fund balance policy requires an unassigned fund balance of 40% to 50% of current expenditures, which is \$851,978 - \$1,064,972 for fiscal year 2014. The following chart and table illustrate the historical trend of unassigned fund balance compared to current year expenditures since 2008:

	<b>Unassigned Fund Balance</b>	<b>Current Year Expenditures</b>	<b>% Expenditures</b>
<b>2008</b>	1,157,516	2,629,176	44%
<b>2009</b>	1,224,448	2,222,762	55%
<b>2010</b>	1,063,198	2,197,049	48%
<b>2011</b>	1,123,658	1,994,013	56%
<b>2012</b>	1,184,072	2,019,789	59%
<b>2013</b>	1,250,948	1,900,703	66%
<b>Est 2014</b>	1,250,948	2,124,016	59%



**Debt Service Fund Budget Summary**

The City currently has five outstanding General Obligation Bond issues:

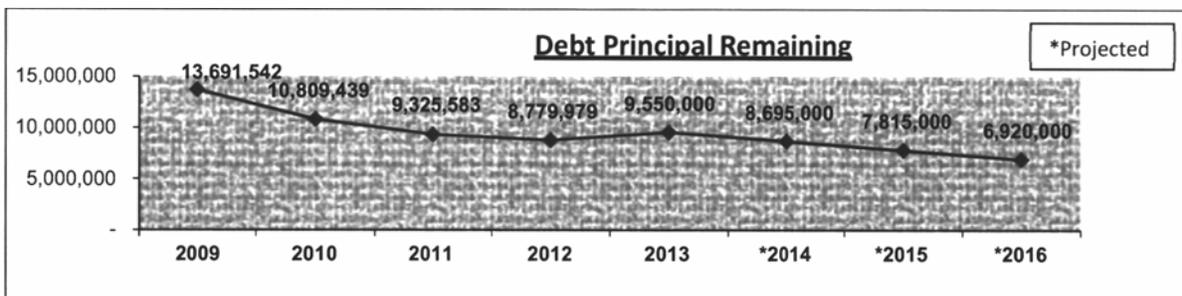
<b>Description of Bond Issue</b>	<b>Maturity Date</b>	<b>Balance at 12/31/2014</b>
\$3,715,000 G.O. Improvement Bonds of 2009A	8/1/2025	\$3,190,000
\$2,430,000 G.O. Improvement Bonds of 2009B	9/1/2018	\$1,770,000
\$2,760,000 G.O. Improvement Bonds of 2011A	7/1/2019	\$1,855,000
\$ 515,000 G.O. Police Building Bonds of 2012A	2/1/2021	\$ 395,000
\$1,465,000 G.O. Improvement Bonds of 2013A	2/1/2029	<u>\$1,485,000</u>
<b>Total Estimated Debt at 12/31/2014</b>		<b><u>\$8,695,000</u></b>

Estimated Revenues and Expenditures for 2015 are as follows:

<b>Revenues</b>	<b>Tax Lev</b>	<b>Assessments</b>	<b>Other</b>	<b>Total</b>
Fund 351 / 2009A Streets	230,000	150,000	7,000	387,000
Fund 348 / 2009B Hunters 3 <sup>rd</sup>	-	-	132,000	132,000
Fund 349 / 2011A Improvement	273,000	125,000	1,000	399,000
Fund 309 / 2012A Police	70,000	-	500	70,500
Fund 352 / 2013A Streets	<u>18,200</u>	<u>50,000</u>	<u>800</u>	<u>69,000</u>
<b>Total Revenues Debt Service</b>	<b><u>591,200</u></b>	<b><u>325,000</u></b>	<b><u>141,300</u></b>	<b><u>1,057,500</u></b>

<b>Expenditures</b>	<b>Principal</b>	<b>Interest</b>	<b>Fees</b>	<b>Total</b>
Fund 351 / 2009A Streets	265,000	148,324	495	413,819
Fund 348 / 2009B Hunters 3 <sup>rd</sup>	185,000	49,400	495	234,895
Fund 349 / 2011A Improvement	365,000	36,602	425	402,027
Fund 309 / 2012A Police	60,000	5,958	-	65,958
Fund 352 / 2013A Streets	<u>-</u>	<u>37,018</u>	<u>425</u>	<u>37,443</u>
<b>Total Expenditures Debt Service</b>	<b><u>875,000</u></b>	<b><u>277,302</u></b>	<b><u>1,840</u></b>	<b><u>1,154,142</u></b>

**Total Revenues Over/(Under) Expenditures (96,642)**



## Summary of General Fund and Debt Service Budget and Levy

<b>GENERAL FUND</b>	<b>2014 Budget</b>	<b>2015 Proposed</b>	<b>% Changed</b>
<b>Revenues</b>			
Property Taxes	\$ 1,739,600	\$ 1,796,858	3.3%
Special Assessments	18,000	12,000	-33.3%
Licenses & Permits	92,100	106,300	15.4%
Charges for Services	21,500	21,500	0.0%
Intergovernmental Revenue	208,744	262,766	25.9%
Fines & Forfeits	35,000	35,000	0.0%
Interest Revenue	15,000	10,000	-33.3%
	<b>\$ 2,129,944</b>	<b>\$ 2,244,424</b>	<b>5.4%</b>
<b>Expenditures</b>			
General Government	\$ 503,500	\$ 457,800	-9.1%
Public Safety	1,032,316	1,124,335	8.9%
Public Works	345,900	386,400	11.7%
Culture & Recreation	19,300	19,889	3.1%
Economic Development	-	-	0.0%
Capital Outlay	223,000	256,000	14.8%
	<b>\$ 2,124,016</b>	<b>\$ 2,244,424</b>	<b>5.7%</b>
<b>Excess Revenue over (under Expenditures)</b>	<b>\$ 5,928</b>	<b>\$ -</b>	
Debt Service Levy	536,700	591,200	10.2%
<b>TOTAL TAX LEVY</b>	<b>\$ 2,276,300</b>	<b>\$ 2,388,058</b>	<b>4.9%</b>

Note: Detail is included at the end of the budget document.

**Utility Funds Budget Summary**

	601	602	603
<b>Proposed 2015 Budget</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Storm Fund</b>
Operating Revenues	324,000	395,000	103,000
Operating Expenses	367,400	427,143	108,200
<b>Operating Income (Loss)</b>	<b>(43,400)</b>	<b>(32,143)</b>	<b>(5,200)</b>
Nonoperating Revenue (Expense)	97,000	65,000	1,000
<b>Change in Net Position</b>	<b>53,600</b>	<b>32,857</b>	<b>(4,200)</b>

**Operating Income/Loss**

Operating Income/Loss in the Utility Funds indicates the extent to which operating revenues are financing operating expenses, including depreciation. Operating revenues include user charges and fees. Nonoperating revenues include connection charges, area charges, special assessments and interest income. These revenues accumulate in the fund over time and provide capital for replacement of major infrastructure, including water and sewer mains, water storage and distribution facilities, and sewer lift stations. Future connection and area charges are limited by the amount of available developable land in the City.

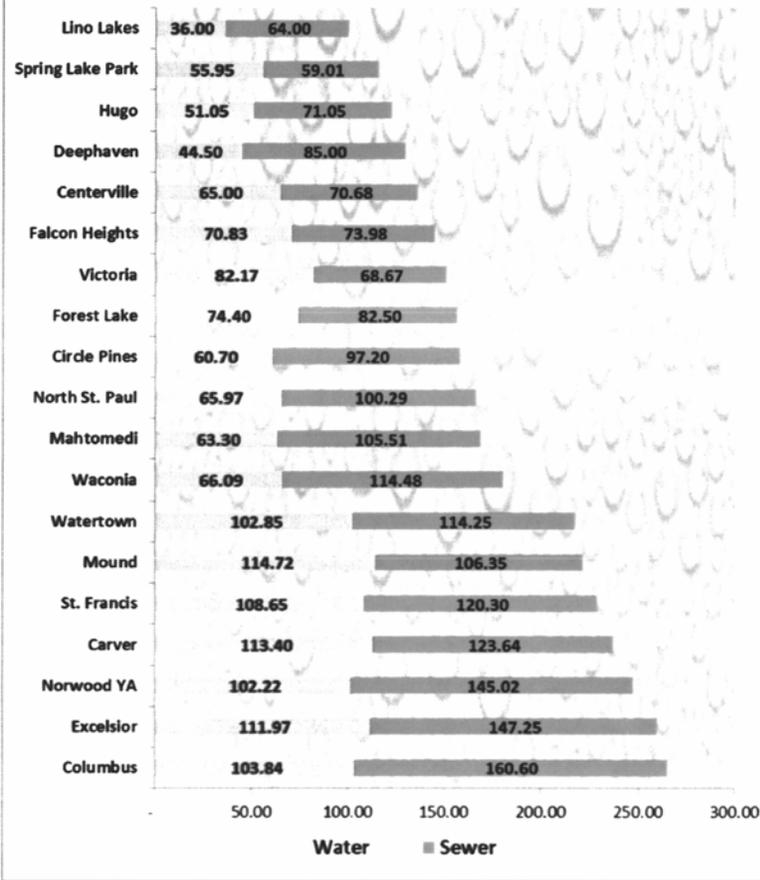
<b>Utility Funds Analysis</b>					
<b>Operating Income/(Loss)</b>					
	2011	2012	2013	Budget 2014	Proposed 2015
<b>Water</b>	(95,967)	(28,890)	(160,218)	(62,000)	(43,400)
<b>Sewer</b>	(100,825)	(58,689)	(92,054)	(66,400)	(32,143)
<b>Storm</b>	(9,448)	1,768	(5,792)	(9,400)	(5,200)
	<b>(206,240)</b>	<b>(85,811)</b>	<b>(258,064)</b>	<b>(137,800)</b>	<b>(80,743)</b>
<b>Depreciation</b>	<b>328,689</b>	<b>338,697</b>	<b>339,701</b>	<b>340,000</b>	<b>342,000</b>

**Utility Rates**

The City has been posting a loss in the utility funds for more than five years. The loss does not exceed the amount of depreciation included in operating expenses. However, revenues accruing in the fund as a result of depreciation expense are also used to infrastructure and equipment replacement programs. The City Council may wish to consider an incremental increase in the water and sewer rates to keep pace with inflation. This will allow the City to complete major infrastructure rehabilitation projects without bonding.

A comparison of water and sewer rates with similar size cities in the metropolitan area is shown on the following page. While utility systems may be affected by varying circumstances unique to the community, the survey indicates that Centerville's rates are modest in comparison.

### Water and Sewer Rate Survey 2013-2014



City	Population	Water	Sewer	Total
Columbus	3,914	103.84	160.60	264.44
Excelsior	2,188	111.97	147.25	259.22
Norwood YA	3,549	102.22	145.02	247.24
Carver	3,724	113.40	123.64	237.04
St. Francis	7,218	108.65	120.30	228.95
Mound	9,052	114.72	106.35	221.07
Watertown	4,205	102.85	114.25	217.10
Waconia	10,697	66.09	114.48	180.57
Mahtomedi	7,676	63.30	105.51	168.81
North St. Paul	11,460	65.97	100.29	166.26
Circle Pines	4,918	60.70	97.20	157.90
Forest Lake	18,957	74.40	82.50	156.90
Victoria	7,345	82.17	68.67	150.84
Falcon Heights	5,321	70.83	73.98	144.81
Centerville	3,792	65.00	70.68	135.68
Deephaven	3,642	44.50	85.00	129.50
Hugo	13,834	51.05	71.05	122.10
Spring Lake Park	6,412	55.95	59.01	114.96
Lino Lakes	20,746	36.00	64.00	100.00
<b>Average</b>		<b>78.61</b>	<b>100.51</b>	<b>179.13</b>

**Water and Sewer Rate Survey**

Examples reflect quarterly billing for average usage of 22,000 gallons of water. Cities of similar size were chosen for comparison.

Neighboring cities were also included for your interest. Rates used were either 2013 or 2014 published rates.