

City of Eden Prairie

2013 General Fund Budget

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Introduction

The City of Eden Prairie prepares a two year budget to provide for better long-range planning and to reduce the cost of budget preparation. The 2013 budget is the second year of the 2012/2013 budget. Even though the City prepares a two year budget, State Statute requires the City to adopt a budget and tax levy annually. This document highlights changes that were made to the 2013 budget since it was originally prepared during the 2012/2013 budget process in 2011.

The Goals of the 2012/2013 budget include the following:

Goals

Operational

- Enhance service levels in public safety and the maintenance of infrastructure
 - Budget includes new police officer and duty crew initiative
- Preserve all other city service levels using the same resources
 - Service levels have been maintained

Organizational

- Sustain current levels of employee morale and engagement
 - The organization continues to implement efficiencies and innovations that motivate employees to continually improve the organization
 - The budget includes salary changes that are consistent with public and private sector trends
- Continual review for service efficiencies and innovations
 - The budget includes efficiencies and innovations that were discussed at the previous budget workshop and include the following:
 - New City Website – Customer Relationship Management
 - City Center Customer Service – Electronic Receipting and Credit Card Acceptance

- Online Inspection Scheduling
- Online Permit/Application Review and Tracking
- Recreation Programs – Maximizing Space and Automated Facility Booking
- “*Volgistics*”
- Fire Department Mobile Solutions
- Enhanced GIS Applications
- 20-40-15 Initiatives, including GreenStep City Initiatives
- Police – Commercial Vehicle Inspections
- Overall – Performance Measurement and Evaluation

Overall

- Continue to improve Eden Prairie’s relative position in fiscal comparisons with comparable cities
 - Eden Prairie is in the lower half of taxes paid for the single value home when compared to the other MLC cities
- Preserve Eden Prairie’s exceptional image internally and externally
 - Staff believes the 2012/2013 budget preserves the City’s image

Total Budget

Below summarizes the 2013 budget on 12/6/2011 and as of 12/4/2012. The total budget was originally budgeted to increase 3.4% on 12/6/2011 and this was reduced to a 3.2% increase on 12/4/2012.

	2012 Adopted	2013 Proposed 12/6/2011	Difference from 2012	Percent Change	2013 Adopted 12/4/2012	Difference from 2012	Percent Change
General Fund	\$ 38,345,174	\$ 39,389,585	\$ 1,044,411	2.7%	\$ 39,289,585	\$ 944,411	2.5%
Debt Budget	3,031,100	3,406,100	375,000	12.4%	3,406,100	375,000	12.4%
Capital Improvement Plan Levy	89,894	89,894	-	0.0%	89,894	-	0.0%
Total City Budget	\$ 41,466,168	\$ 42,885,579	\$ 1,419,411	3.4%	\$ 42,785,579	\$ 1,319,411	3.2%
HRA	200,000	200,000	-	0.0%	200,000	-	-

The General Fund budget was reduced \$100,000 and the Debt and Capital amounts remained the same.

Tax Levy

Below summarizes the 2013 tax levy on 12/6/2011 and as of 12/4/2012.

Fund	2013				2013			
	12/4/2012 Adopted	Proposed 12/6/2011	Difference from 2012	Percent Change	Adopted 12/4/2012	Difference from 2012	Percent Change	
General Fund	\$ 29,137,996	\$ 30,155,439	\$ 1,017,444	3.5%	\$ 29,428,326	\$ 290,331	1.0%	
Capital Improvement Fund	89,894	89,894	-	0.0%	89,894	-	0.0%	
Debt Service	1,681,100	2,171,100	490,000	29.1%	1,796,100	115,000	6.8%	
Market Value Debt	1,350,000	1,235,000	(115,000)	(8.5%)	1,235,000	(115,000)	(8.5%)	
Sub-total	32,258,990	33,651,433	1,392,444	4.3%	32,549,320	290,331	0.9%	
Less Fiscal Dispartiy Distribution	(1,673,150)	(1,572,292)	100,858	(6.0%)	(1,676,800)	(3,650)	0.2%	
Total Levy	\$ 30,585,840	\$ 32,079,141	\$ 1,493,302	4.9%	\$ 30,872,520	\$ 286,681	0.9%	
HRA	200,000	200,000	-	0.0%	200,000	-	0.0%	

Since 12/6/2011 the General Fund tax levy was reduced \$727,113, the debt levy was reduced \$375,000, and fiscal disparities changed \$104,508. The tax levy was reduced for the general fund for one-time items in the general fund; last year's positive general fund performance will be used to pay for these items. The debt levy was reduced \$340,000 for a one-time increase in the debt levy; last year's positive general fund performance was also used. The debt levy was reduced an additional \$35,000 for an amount in the debt service fund which could be used for a final debt payment.

General Fund

Below summaries the 2013 General Fund Budget and compares it to 2012. As you can see, the change in fund balance has improved by \$293,104 from 2012 to 2013.

	2012 Budget	2013 Budget	Difference
Revenue	\$ 37,391,619	\$ 37,902,024	\$ 510,405
Expense	38,345,174	39,289,585	(944,411)
Other Financing Sources(Uses)	270,000	997,110	727,110
Change in Fund Balance	\$ (683,555)	\$ (390,451)	\$ 293,104

Revenue increases include \$260,000 of tax revenue and \$200,000 in development revenue. Expenses are increasing 2.5% which is primarily to maintain City services. Other financing sources increased due to the use of last year's positive operating results. A revenue and expense statement can be found at the end of this report.

General Fund Expenditures

Expenditures were originally budgeted to increase 2.7% on 12/6/2011. This was reduced to a 2.5% increase on 12/4/2012.

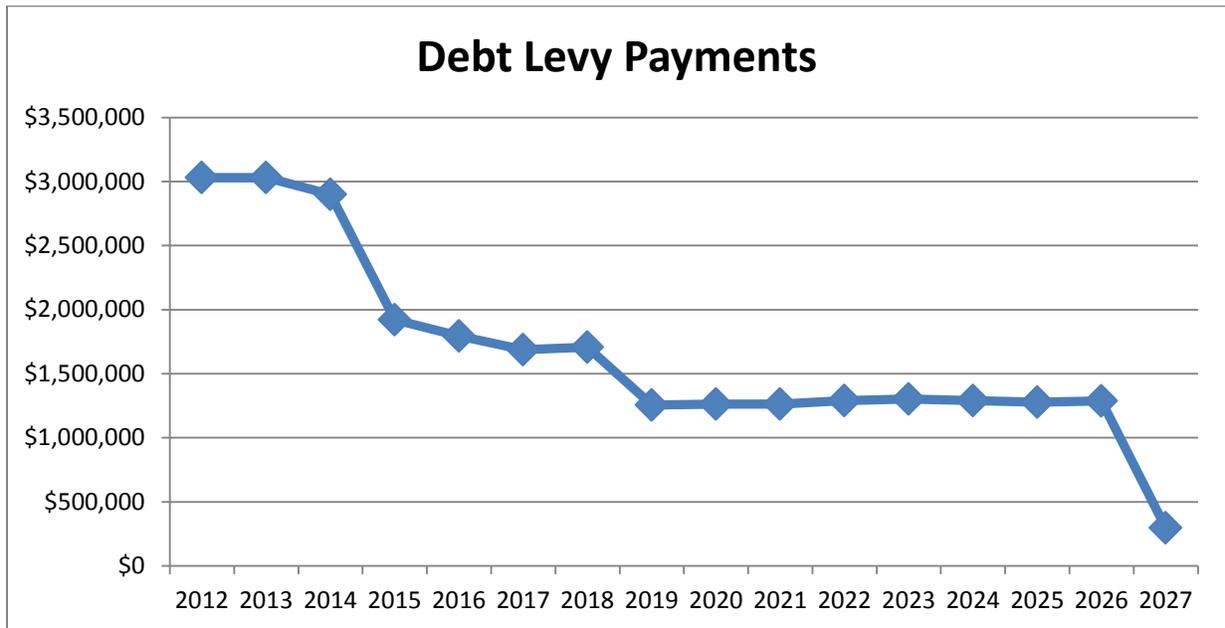
Department	2012 Adopted Budget	2013 Proposed Budget-12/6/2011	Difference	Percent	2013 Adopted Budget-12/4/2012	Difference	Percent
Administration	\$3,796,672	\$3,772,540	(\$24,132)	(0.6%)	\$3,790,634	(\$6,038)	(0.2%)
Community Development	2,070,654	2,125,465	54,811	2.6%	2,186,599	115,945	5.6%
Parks and Recreation	9,565,081	9,850,223	285,142	3.0%	9,807,620	242,539	2.5%
Police	12,425,743	12,786,652	360,909	2.9%	12,665,119	239,376	1.9%
Fire	5,072,697	5,281,376	208,679	4.1%	5,275,696	202,999	4.0%
Public Works	5,414,327	5,573,329	159,002	2.9%	5,563,917	149,590	2.8%
TOTAL	\$38,345,174	\$39,389,585	\$1,044,411	2.7%	\$39,289,585	\$944,411	2.5%

The Implicit Price Deflator for local government spending increased 2.61%. This percent would have been used for levy limits if levy limits were in effect for 2013. Additional percentage(s) would be added for household and one-half of commercial growth.

The General Fund budget was reduced \$100,000 from 12/6/2011 to 12/4/2012. The reductions include some additions and subtractions for various items including reductions in wages for employee turnover and amounts for health and dental insurance. Overall expenses are increasing 2.5% which is primarily to maintain services. Fire is increasing 4% which includes the implementation of duty crew and Community Development is increasing 5.6% which includes a new tech position which replaces an administrative assistant position that was previously eliminated.

Debt

The 2013 debt budget is \$3,406,100 which is a \$375,000 increase from 2012. The most significant change is an increase of \$490,000 for the 2009 equipment certificates and a reduction of \$115,000 as the 2003A Park bonds were fully paid in 2012. As you can see from the graph below, the City expects to see a reduction in future debt payments based on current debt outstanding.



Tax Impact

The ability to levy and collect taxes is based on property market values, tax capacities, and the City tax rates. Changes in Market Value, Net Tax Capacity and the City Tax Rate since 2010 are shown below:

	2010	2011	2012	2013
Market Value	\$9.6 Billion	\$8.9 Billion	\$8.7 Billion	\$8.5 Billion
Adjusted Net Tax Capacity	\$100,402,099	\$92,275,200	\$88,510,928	\$86,343,161
City Tax Rate	28.55%	31.03%	33.04%	34.32%

For 2013, the median value home in Eden Prairie is valued at \$312,600 reflecting an average value decrease of 4.4%. In 2011, the median value was \$327,000. Commercial properties have an average value increase of 1.0%, and apartments a value increase of 7.8%.

Below summarizes the **City's tax impact** for residential, apartment, and commercial properties.

	2011/2012	2012/2013	Difference	% Change
Residential (\$312,600)	\$ 1,105	\$ 1,087	\$ (18)	(1.6%)
Apartment (\$5M)	\$ 19,872	\$ 22,185	\$ 2,313	11.6%
Commercial (\$2M)	\$ 8,063	\$ 8,622	\$ 559	6.9%

Staff has calculated that a \$310,000 change in the tax levy will impact the median value home by 1% or \$11.00.

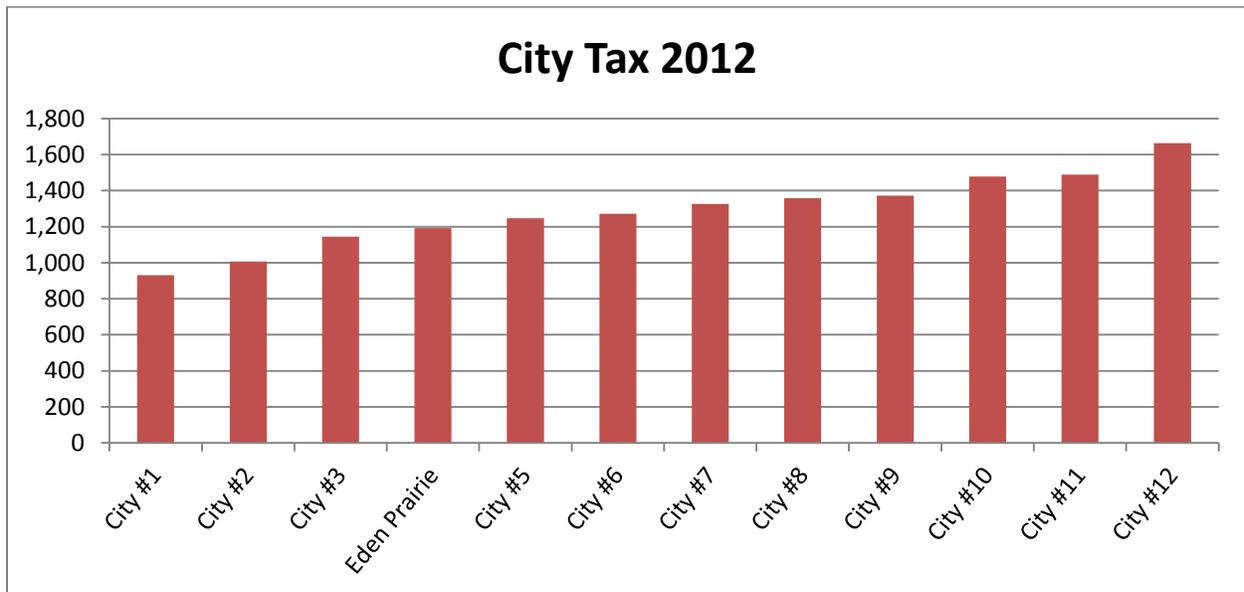
Below summarizes **the total tax impact** for residential, apartment, and commercial properties. The total tax impact includes the City, County, school district and other taxing districts.

	2011/2012	2012/2013	Difference	% Change
Residential (\$312,600)	\$ 4,450	\$ 4,371	\$ (79)	(1.8%)
Apartment (\$5M)	\$ 78,572	\$ 87,425	\$ 8,853	11.3%
Commercial (\$2M)	\$ 73,668	\$ 77,850	\$ 4,182	5.7%

Below summarizes the total tax impact by taxing authority.

	2012	2013	Difference	% Change
Hennepin County	\$ 1,581	\$ 1,545	\$ (36)	(2.3%)
City of Eden Prairie	\$ 1,105	\$ 1,087	\$ (18)	(1.6%)
School District	\$ 1,450	\$ 1,424	\$ (26)	(1.8%)
Metro Spec Tax District	\$ 98	\$ 98	\$ (0)	0.0%
Other Districts	\$ 216	\$ 217	\$ 1	0.5%
Total	\$ 4,450	\$ 4,371	\$ (79)	(1.8%)

One of the goals of the budget is to continue to improve Eden Prairie’s relative position in fiscal comparisons with comparable cities. Eden Prairie is in the lower half of taxes paid for the single value home when compared to the other Minnesota Legislative Commission (MLC) cities as can be seen by the graph below.



\$300,000 value home

Source: League of Minnesota Cities

The following are the MLC cities: Eden Prairie, Apple Valley, Bloomington, Burnsville, Eagan, Edina, Lakeville, Maple Grove, Minnetonka, Plymouth, Shoreview, and Woodbury. The cities that belong to the commission have similar characteristics including receiving limited revenue from the State and are contributors to the fiscal disparity pool.

Conclusion

This document is intended as a final summary of the 2013 General Fund operating budget and a supplement to the 2012/2013 budget document. More detailed information about the City's operations and budget can be found in the 2012/2013 budget document.

General Fund Statement

	2012 Budget	2013 Budget	Incr. / (Decr.)	Percent Change
REVENUES				
Taxes	\$ 28,776,271	\$ 29,039,759	\$ 263,488	0.9%
License and Permits				
Building Permits and Fees	1,398,400	1,598,400	200,000	14.3%
Other	1,275,725	1,275,845	120	0.0%
Total Licenses and Permits	2,674,125	2,874,245	200,120	7.5%
Intergovernmental Revenue				
Police Pension Aid	431,000	431,000	-	0.0%
Fire Relief Association Aid	300,000	300,000	-	0.0%
School Liaison	114,298	114,298	-	0.0%
Other	143,004	143,004	-	0.0%
Total Intergovernmental Revenue	988,302	988,302	-	0.0%
Charges for Services				
Public Safety	117,600	117,600	-	0.0%
Recreation	3,960,321	4,007,118	46,797	1.2%
Total Charges for Services	4,077,921	4,124,718	46,797	1.1%
Fines and Penalties	455,000	455,000	-	0.0%
Investment Income	200,000	200,000	-	0.0%
Other Revenue	220,000	220,000	-	0.0%
Total Revenues	37,391,619	37,902,024	510,405	1.4%
EXPENDITURES				
General Government	5,867,326	5,977,233	109,907	1.9%
Public Safety	17,458,400	17,900,775	442,375	2.5%
Public Works	5,414,327	5,563,917	149,590	2.8%
Parks and Recreation	9,405,081	9,647,620	242,539	2.6%
Debt Service	40,040	40,040	-	0.0%
Total Expenditures	38,185,174	39,129,585	944,411	2.5%
Excess (Deficiency of Revenues over Expenditures)	(793,555)	(1,227,561)	(434,006)	54.7%
OTHER FINANCING SOURCES / (USES)				
Transfers in	270,000	997,110	727,110	269.3%
Transfers out	(160,000)	(160,000)	-	0.0%
Total Other Financing Sources	110,000	837,110	727,110	661.0%
Net Change in Fund Balance	\$ (683,555)	\$ (390,451)	\$ 293,104	(42.9%)