

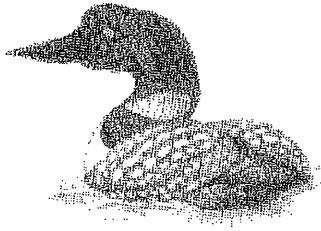
CITY OF HAM LAKE

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CITY OF HAM LAKE BUDGET WORKSHOP MEETING JUNE 6, 2022

- 1.0 CALL TO ORDER – DIRECTLY FOLLOWING THE ADJOURNMENT
OF THE REGULARLY SCHEDULED CITY COUNCIL MEETING**

- 2.0 DISCUSSION OF THE PROPOSED 2023 BUDGET AND CIP REVIEW**



CITY OF HAM LAKE

Staff Report

To: Mayor and Councilmembers
Denise Webster, City Administrator

From: Andrea Murff, Finance /Human Resource Director

Subject: Draft Preliminary 2023 budget and 2022 levy for payable 2023

GENERAL FUND

The draft 2023 General Fund budget is funded by a property tax levy of \$5,964,935. The general levy is \$546,242 or 10.0% more than the 2022 levy. Total revenues are \$6,857,958, an increase of \$555,640 or 8.8% over the 2022 budget. Total expenditures are \$5,238,458, an increase of \$281,440 or 5.7 % over the 2022 budget. Revenues do not include a \$2,000 transfer from the lodging tax fund. Expenditures do not include \$1,621,500 in transfers to Capital Improvement Funds, an increase of \$275,000 or 20.4% over the 2022 budget.

Based off the County Assessor's analysis, estimated market values increased 20.0% in 2022 for the City of Ham Lake. These values is what would be used to calculate the 2022 tax capacity. However, since final numbers are not available a conservative 10.0% increase in tax capacity was used to find the 2023 tax rate of 21.52%, an increase of 0.07% from the 2022 tax capacity rate. This rate is subject to change once final numbers are received.

Most revenues for the City remained mainly consistent from 2022. Building permit revenue was decreased to in order to take into account the unstable markets. Intergovernmental revenues saw an increase of 17.0% increase due to aligning the Fire Relief Pension grant to actual and offsetting training expenditures with grants received from the State.

Most departments saw none or slight increases to their overall budgets for 2023. Other notable increases/decreases are as follows:

- The Election budget decreased to \$0.00 due to no elections in 2023.
- Finance increased due to budgeting for a Comp Study and an increase to Incode-10 support.
- General Government increased due in an increase in needed supplies, increase in Metro-Inet services, increased bank fees for fraud protection product, and the need for computer replacements.
- IT saw an increase in its budget due 19.0% increase in the Metro-Inet contract. This increase was needed to help with administration costs to help retain qualified technicians.

- Fire saw an increase due to adding a 15 hour per week Fire Inspector position, increased training, an increase to the transfer to the equipment fund, and software support.
- Snow and Ice saw a decrease in budget due to less salt needing to be ordered.
- Engineering line items were adjusted for Stormwater drainage, Watershed Management Organizations, and Right of Way departments.
- All fuel line items were increased by 40% to help offset the cost of fuel.

The preliminary budget includes a 3% cost of living increase for staff. A comparison was completed of the increase of 2% to 3% and it was found a 3% increase added \$17,791.84 to the budget.

OTHER BUDGET ITEMS TO DISCUSS:

CAPITAL PROJECT FUNDS: A new Capital Improvement Plan is being created because it seems items are being forgotten due to staffing changes and due to the City starting to see negative fund balances due to poor planning and increases in equipment. These negative balances is also the reason for some of the increase in transfers. Public works equipment fund will double to \$300,000 in 2023 in order to help keep them from a deficit in the coming years. Fire equipment saw an increase of \$70,000 to help keep on top of needed equipment and future plans for fire station #3. The street fund saw an increase of \$50,000, which was planned from 2022. In 2022 the Emergency Operation Center did not have a transfer. The standard \$2,000 was continued in 2023. Lastly, Building Inspections equipment was increased to \$10,000 to help replenish it and to cover a third new inspector truck if needed.

ARAP FUNDS: The City needs to come to a formal plan with the ARPA funding. The majority of funding has been loosely earmarked for roads, however, we need to develop a plan and get this funding spent in the next couple of years. There has also been some discussion as earmark some to Fire, Public Works, and General Government to get some projects completed. Getting these projects off the ground may help to alleviate some of the current expenditures. For example, finance could use this some of the funding to conduct a rate study and fire could use the funding to purchase new radios and other needed equipment.

CERT: Now that the City is closer to having a CERT program, we need to take a realistic look at what is needed and how we are going to fund the program. We may use ARPA Funding for this as well as EOC funds.

Discussion:

Please bring any inputs or guidance you would like to see in the budget.

CITY OF HAM LAKE, MINNESOTA
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY
 GENERAL FUND
 ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2019-2020, PERIOD TO DATE JULY 31, 2021 AND
 BUDGET FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022

	Actual 2020	Actual 2021	YTD 4/30/2022	Budget 2022	Budget 2022	Percent Change
REVENUES						
Taxes	\$ 4,844,172	\$ 5,067,295	\$ 360	\$ 5,418,693	\$ 5,964,935	10%
Licenses and permits	570,475	592,028	235,008	548,600	528,600	-4% (1)
Intergovernmental	201,127	177,827	58,552	151,000	176,000	17% (2)
Charges for services	12,050	11,929	2,313	8,885	9,385	6%
Fines and forfeitures	22,131	26,530	7,758	30,000	30,000	0%
Investment earnings	30,842	(3,227)	(26,054)	1,000	1,000	0%
Miscellaneous	337,603	353,602	67,676	144,140	148,038	3%
Other financing sources	209,309	-	-	-	-	0%
TOTAL REVENUES	6,227,709	6,225,985	345,612	6,302,318	6,857,958	9%
EXPENDITURES						
Council	92,066	72,338	27,256	76,979	73,460	-5%
Ordinances	1,689	2,909	628	5,100	4,600	-10%
Administration	146,389	150,972	47,948	161,440	165,983	3%
Clerk	128,812	120,174	34,890	118,328	122,074	3%
Elections	28,763	-	180	28,719	-	-100% (3)
Finance	241,892	216,401	74,911	238,044	274,410	15% (4)
Auditing	22,570	28,580	14,000	28,900	29,000	0%
Assessing	78,236	79,878	19,970	78,500	82,100	5%
Prosecutions	78,000	78,000	26,000	78,000	78,000	0%
Planning & zoning	60,507	83,670	23,857	94,145	99,269	5%
General government	59,180	69,200	46,790	76,762	87,771	14% (5)
General govt buildings	144,756	31,099	19,974	38,075	39,075	3%
City sign	2,591	2,670	1,050	2,913	3,005	3%
Information Technology	41,077	41,995	17,595	52,527	62,413	19% (6)
Police protection	947,412	1,081,465	621,704	1,276,917	1,342,029	5%
Fire department	415,911	546,996	205,012	578,205	669,006	16% (7)
Fire stations	28,283	29,105	9,736	34,630	36,870	6%
Sirens	8,965	8,331	4,041	9,187	9,214	0%
Building inspection	352,874	369,120	129,044	428,898	451,920	5%
Animal control	4,650	3,060	1,000	3,150	3,150	0%
Public works	686,160	791,911	234,902	910,582	951,674	5%
Public works building	32,346	29,502	13,446	36,730	38,830	6%
Snow & ice removal	92,337	94,889	56,788	86,190	66,590	-23% (8)
Stormwater drainage	6,214	2,505	-	4,000	3,500	-13% (9)
Stormwater-WMOs	17,555	18,506	4,929	12,750	18,939	49% (9)
Signs & signals	16,559	21,972	4,732	21,000	21,095	0%
Utility/ROW	48,798	47,268	2,954	40,000	50,000	25% (9)
Parks	195,170	201,316	38,410	286,879	302,947	6%
Park Buildings	9,916	14,715	4,739	16,850	18,350	9%
Senior Center	4,314	3,456	1,171	7,428	7,793	5%
Senior Center Building	13,540	11,326	4,722	13,990	14,190	1%
Misc/unallocated	110,997	111,057	5,470	111,200	111,200	0%
TOTAL EXPENDITURES	4,118,528	4,366,384	1,697,847	4,957,018	5,238,458	6%
EXCESS REVENUES (EXPENDITURES)	2,109,182	1,859,601	(1,352,235)	1,345,300	1,619,500	20%
OTHER FINANCING SOURCES (USES)						
Transfers in	1,350	1,350	-	1,200	2,000	67% (10)
Transfers out	(1,270,000)	(1,851,470)	(448,740)	(1,346,500)	(1,621,500)	20% (11)
TOTAL OTHER FINANCING SOURCES (USES)	(1,268,650)	(1,850,120)	(448,740)	(1,345,300)	(1,619,500)	20%
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES						
	\$ 840,532	\$ 9,481	\$ (1,800,975)	\$ (0)	\$ -	

Explanation of Budget Changes in revenue and expenditures over 10%

- (1) Licenses and Permits revenue was decreased to be conservative due to instability in the markets.
- (2) Aligned the Fire Relief Pension grant to actual and increased the Fire Training grant to match expenditures.
- (3) No elections in 2023.
- (4) Finance increased due to budgeting for a Comp Study and an increase to Incode-10 support.
- (5) General government increased due to increasing the budgeted amount for supplies (500), increase in Metro-Inet services (410), increased bank fees for a new product to deter fraud (1,000), and increased controllable assets (9,000) for new computers.
- (6) Metro-Inet Contract increased 19% due to administration costs and increase in services.
- (7) Budgeted for Fire Inspector position at 15 hours per week, increased training, transfers to the equipment fund, and software support budgets.
- (8) Decreased due to reducing the amount of salt needed.
- (9) Aligned engineering fees to actual
- (10) Increased the transfer the the lodging tax fund since it was decreased due to COVID.
- (11) Increased transfers a total of \$275,000 as follows: