

City of Wahpeton Public Hearing September 4, 2012 6:00 P.M.

Members Present: Council Members Bertsch, Bohn, Dale, and Hansey.

Members Absent: Mayor Sturdevant, Council Members Bajumpaa and DeVries

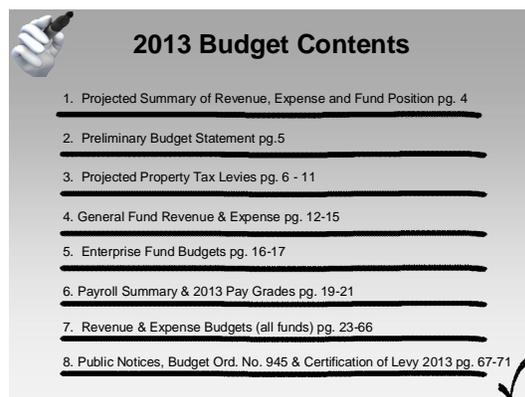
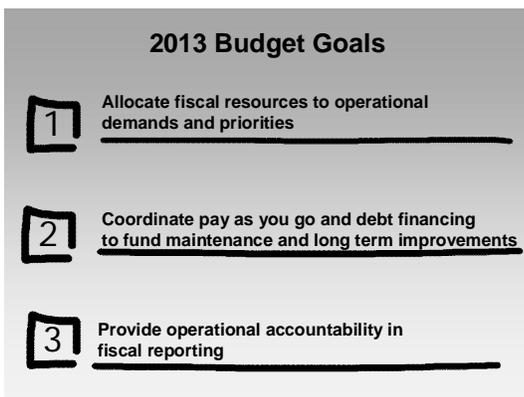
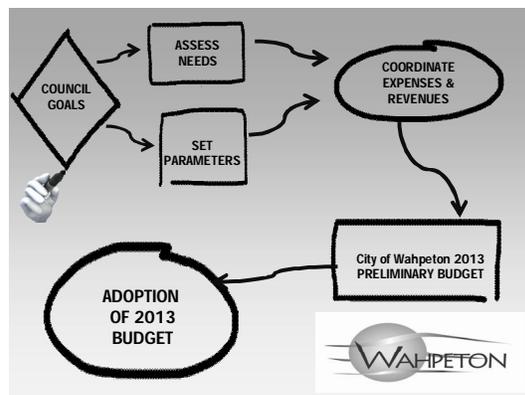
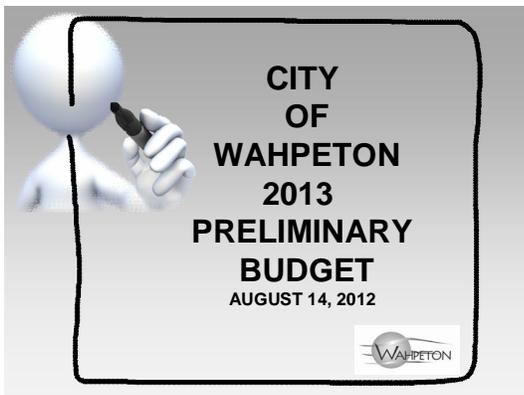
Officers Present: City Finance Director Huwe, Attorney Lies, Public Works Director Nelson, Assessor Broadland, Economic Development Director Priebe, and Police Chief Thorsteinson.

Others Present: City Finance Assistant Amos, Wahpeton Residents: Dr. Richard Ames and Larry Merbach.

City Council Vice-President Hansey called the Public Hearing of the 2013 Budget to order at 6:02 pm.

Huwe explained that this public hearing was a new requirement instigated by legislation with last year being the first year for an additional publication requirement and public hearing prior to or coinciding with the first reading of the budget. She said one of the requirements is that the City provides a publication to state what the anticipated increase in the tax levy is, which she said was provided last Sunday, August 26th, in the Daily News. She explained the estimated increase in the tax levy is 1.7%, which is the reason for the publication and hearing.

Huwe reviewed the 2013 preliminary budget through the following PowerPoint presentation.



2013 Projected Summary of Revenue, Expense & Fund Position



REVENUE BY FUND TYPE	2012	2013	+/-	+/- %
GENERAL FUND	\$2,832,400	\$3,015,367	\$182,967	6%
SPECIAL REVENUE FUNDS	\$3,143,597	\$3,587,965	\$444,368	14%
DEBT SERVICE FUNDS	\$2,064,670	\$2,138,042	\$73,372	4%
INTERNAL SERVICE/OTHER	\$471,500	\$5,000	-\$466,500	-99%
ENTERPRISE FUNDS	\$2,236,324	\$2,485,276	\$248,952	11%
TOTAL	\$10,324,490	\$11,231,649	\$907,159	9%

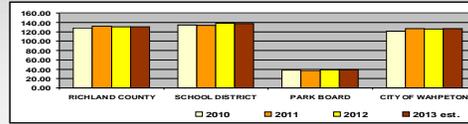
EXPENSES BY FUND TYPE	2012	2013	+/-	+/- %
GENERAL FUND	\$2,832,400	\$3,015,367	\$182,967	6%
SPECIAL REVENUE FUNDS	\$2,496,581	\$3,262,167	\$765,586	31%
DEBT SERVICE FUNDS	\$2,121,702	\$2,154,334	\$32,632	2%
INTERNAL SERVICE/OTHER	\$40,660	\$0	-\$40,660	-100%
ENTERPRISE FUNDS	\$2,230,434	\$2,609,537	\$379,103	17%
TOTAL	\$9,721,777	\$11,041,404	\$1,319,628	14%

CHANGES IN EQUITY	2013	DESCRIPTION
GENERAL FUND	\$0	MAINTAINING
SPECIAL REVENUE FUNDS	\$325,798	RAINING - SALES TAX COLLECTIONS
DEBT SERVICE FUNDS	-\$16,252	TIMING OF BOND PAYMENTS
INTERNAL SERVICE/OTHER	\$5,000	CLUBHOUSE MTC FUND
ENTERPRISE FUNDS	-\$124,261	DRAW DOWN FOR CAPITAL IMP.
TOTAL	\$190,245	



Mill Levy History

TAX ENTITY	2010	2011	2012	2013 est.
STATE LEVY	1.00	1.00	1.00	1.00
RICHLAND COUNTY	128.00	132.40	130.75	130.75
SCHOOL DISTRICT	134.08	133.85	137.93	137.68
PARK BOARD	37.94	37.09	39.11	39.11
CITY OF WAHPETON	121.33	126.22	126.21	126.22
TOTAL MILLS	422.35	430.56	435.00	434.76



City Mill Levy Changes for 2013

MILL INCREASES		MILL DECREASES	
Social Security	+1.78	Library	-0.60
Retirement	+1.09	Snow & Flood Emergency	-0.51
Total Additions	+2.87	G.O. RI #10910	-1.24
		City share of Specials	-0.44
		Misc. Rounding	-0.08
		Total Reductions	-2.87

Social Security employer expense projected to increase +\$4,342 (General fund only)
 Retirement employer contribution projected to increase +\$16,190 (General fund only)
 (SS & Retirement Levies reimburse General Fund)

+0 MILLS FOR CITY SERVICES

Mill Levy Allocations 2012 - 2013 projected

MILL LEVY FUND	2012	2013 est.	Change +/-	12-13
GENERAL FUND	\$780,702	\$793,766	\$13,064	1.7%
AIRPORT	\$55,173	\$55,924	\$751	1.4%
STREET MTC.	\$69,022	\$70,177	\$1,155	1.7%
FIRE DEPT. EQUIPMENT	\$124,140	\$125,830	\$1,690	1.4%
JOB DEVELOPMENT	\$55,173	\$55,924	\$751	1.4%
CITY SHARE OF SPECIALS	\$47,328	\$41,943	-\$5,385	-11.4%
LIBRARY	\$252,969	\$248,864	-\$4,105	-1.6%
PLANNING COMMISSION	\$13,793	\$14,024	\$231	1.7%
SNOW/FLOOD EMERGENCY	\$34,483	\$27,962	-\$6,521	-18.9%
SPECIAL LEVY OTHER	\$302,846	\$330,334	\$27,488	9.1%
TOTAL	\$1,735,629	\$1,764,748	\$29,119	1.7%

2013 is projected to be the third year in a row of a level mill rate for City services. The City Assessor was required to increase residential values +2% for 2012 to maintain a sales value ratio of 96.5% of market value. This trend is indicative of a stable real estate market.

City Property Tax Estimate for 2013

Estimated Total Taxable Valuation for the City	\$13,981,117	\$13,981,117
1 Mill = 1/1,000	\$13,981	\$13,981
City General and Special Levy Fund 2013	\$1,764,748	\$1,764,748
Preliminary Revenues Required from Property Taxes		
Mills needed to be certified on all taxable properties \$1,764,748 / \$13,981	126.22	126.22
City of Wahpeton Tax Assessment Estimate on a \$100,000 Home:		+2%
Property True & Full Value	\$100,000	\$102,000
Assessed Value (50%)	\$50,000	\$51,000
Taxable Valuation (9%)	\$4,500	\$4,590
X Mill Levy	0.12622	0.12622
= Taxes Payable for 2013	\$568	\$579
		2% Value Increase

Taxes Payable for 2012 = \$568 prior to 5% discount

Note about Ad-Valorem Taxes

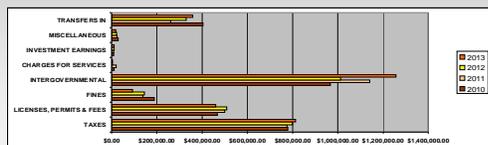
The Richland County Board of Equalization is required to maintain a statutory minimum capitalization rate for agricultural land; the cap rate for 2012 is 5.8. The rate change resulted in the average value per acre in 2011 of \$682 increasing to \$873 in 2012 (an average increase of 26%). The total value of a mill in Richland County is expected to increase \$6,154 (+10.32%) for the 2013 budget from \$59,646 to \$65,800. The County currently projects to hold level or slightly decrease the number of mills levied for the 2013 budget.

The increased value of agricultural lands was evident in the Wahpeton Public School District 2013 budget with the value of a mill increasing from \$24,636.21 in 2012 to \$26,317.99 (6.83%). The School district reduced its tax levy 0.25 and will still receive additional \$225,388.56 in revenue in 2013 due primarily to the increased valuation of agricultural land.

The ND Legislative Committee on Taxation is currently reviewing several bill drafts to lessen local governments' dependency on property taxes. Proposals include temporary tax relief to permanent tax reform. Property tax reform is expected to be a primary topic in the 2013 legislative session.

General Fund Revenue

REVENUE	ACTUAL 2010	ACTUAL 2011	BUDGET 2012	BUDGET 2013	CHANGE 2012 TO 2013	% CHANGE
TAXES	\$78,181.93	\$75,518.46	\$78,135.00	\$83,898.00	\$4,833.00	1.86%
LICENSES, PERMITS & FEES	\$48,916.15	\$49,493.66	\$50,275.00	\$49,298.00	-\$986.00	-1.76%
FINES	\$18,372.14	\$17,226.51	\$16,000.00	\$20,000.00	\$4,000.00	25.00%
INTERGOVERNMENTAL	\$97,855.25	\$1,140,076.43	\$1,012,686.00	\$1,257,800.00	\$245,114.00	24.22%
CHARGES FOR SERVICES	\$10,029.87	\$19,956.86	\$2,900.00	\$2,900.00	\$0.00	0.00%
INVESTMENT EARNINGS	\$8,252.84	\$8,947.70	\$11,000.00	\$11,000.00	\$0.00	0.00%
MISCELLANEOUS	\$28,675.32	\$22,717.44	\$22,300.00	\$18,300.00	-\$4,000.00	-17.99%
TRANSFERS IN	\$14,495.61	\$30,026.62	\$33,000.00	\$28,820.00	-\$4,180.00	-12.70%
GENERAL FUND REVENUE TOTAL	\$285,001.11	\$2,851,478.58	\$2,832,400.00	\$3,075,357.00	\$242,957.00	8.64%



General Fund Revenue 2013

- Licenses, Permits & Fees:** decrease of -\$9,686 attributed to electric and gas franchise fees that are less than projected (possibly due to mild weather Jan. - Mar.)
- Fines:** decrease of -\$52,000 due to decrease in fines revenue from Municipal Court
- Intergovernmental:** increase of \$245,114. State Aid Distribution Fund is four tenths (4/10) of one cent of state 5 cent sales tax. OR 8% of the State Sales Tax is deposited into the State Aid Distribution Fund. The State Aid Fund is allocated 53.7% to counties and 46.3% to cities. Cities are projected to receive \$90 per capita for 2013 for an increase of \$205,314 for the 2013 budget. Cities receive 12.5% of the Highway Tax Distribution Fund, the projection for 2013 is an additional \$30,000.
- Miscellaneous:** decrease of \$4,000 attributed to reduction in coverage in force with NDIRF and subsequent reduction in confinement of benefits.
- Transfers In:** increase of \$28,705 in additional transfers from the Social Security +\$12,043 and Retirement Special Levy Funds +\$16,484 related to additional payroll expenses.

General Fund Expense

EXPENSE DEPARTMENT	2010 ACTUAL	2011 ACTUAL	2012 BUDGET	2013 BUDGET	CHANGE 2012/2013	% CHANGE
ASSESSOR	\$141,722.00	\$148,418.38	\$164,953.46	\$169,075.51	\$4,924.06	2.99%
ATTORNEY	\$53,769.61	\$42,029.67	\$63,700.00	\$63,700.00	\$0.00	0.00%
CITY HALL	\$19,594.70	\$22,823.94	\$23,596.23	\$29,191.00	\$6,065.77	25.27%
FIRE	\$18,194.92	\$41,992.28	\$143,400.00	\$145,455.00	\$2,055.00	1.42%
FUND TRANSFERS	\$165,507.21	\$198,485.25	\$245,966.00	\$35,182.00	-\$75,939.99	-17.62%
CULTURE & RECREATION	\$123,003.24	\$148,038.15	\$123,671.00	\$175,000.00	\$51,329.00	41.50%
INSURANCE	\$74,105.56	\$75,501.00	\$80,600.00	\$80,600.00	\$0.00	0.00%
MAYOR & COUNCIL	\$4,148.82	\$46,930.00	\$46,387.00	\$46,000.00	\$15,160.00	31.33%
MISCELLANEOUS	\$2,150.26	\$8,441.58	\$15,000.00	\$15,000.00	\$0.00	0.00%
MUNICIPAL COURT	\$67,702.72	\$68,039.43	\$77,039.00	\$77,039.00	\$0.00	0.00%
POLICE	\$1,198,080.02	\$1,233,126.34	\$1,297,725.98	\$1,374,421.98	\$76,695.67	5.91%
PUBLIC WORKS	\$102,727.71	\$91,157.38	\$92,457.22	\$126,093.36	\$33,612.13	36.39%
STREET DEPT.	\$15,740.85	\$46,979.66	\$69,896.19	\$83,228.55	\$14,332.36	30.89%
GENERAL FUND EXPENSE TOTAL	\$2,797,756.82	\$2,852,842.50	\$2,882,400.00	\$3,015,367.00	\$182,967.00	6.48%

General Fund Expense 2013

- Culture & Recreation:** increase of +\$51,329 attributed to proportionate expense commitments related to State Aid Revenue, 25% is transferred to the Park Board.
- Police Dept.:** increase of +\$76,695.67 due to a \$22,500 increase in contributions to communications, SEMCA and LEC rent. \$45,488 increase attributed to cost of living increases, change of status costs for cafeteria benefits and increased retirement/FICA expenses. \$8,707 increase in K9, fuel, contract and misc. expenses.
- Public Works Dept.:** increase of +\$33,612.13. The PW Operations Manager position increased the PW Dept. budget +\$30,657 with 40% of the new position dedicated to the PW Dept.
- Fund Transfers:** decrease of -\$7,503.99 attributed to -\$2,500 reduction in transfer to PD Radio Sinking fund (radios are being replaced in 2012 with grant funding). Decrease of -\$10,136.99 transfer to Capital Improvements Fund. Increase of \$5,133 in transfer to Library Fund based on increased State Aid revenue sharing of 2.5%.
- Street Dept.:** increase of \$14,332.36 attributed primarily to increased fuel expenses of \$9,000 and payroll related expenses.

2013 Projected Summary of Enterprise Funds

ENTERPRISE FUND REVENUE	2012	2013	+/-	+/- %
WATER	\$1,260,423	\$1,378,390	\$117,967	9%
SANITARY SEWER	\$570,721	\$689,195	\$118,474	21%
WASTE REMOVAL	\$245,230	\$253,500	\$8,270	3%
WASTE REDUCTION	\$18,870	\$19,282	\$412	2%
VECTOR CONTROL	\$34,875	\$32,691	-\$2,184	-6%
STREET LIGHTS	\$106,205	\$112,218	\$6,013	6%
TOTAL	\$2,236,324	\$2,485,276	\$248,952	11%

ENTERPRISE FUND EXPENSE	2012	2013	+/-	+/- %
WATER	\$1,260,423	\$1,434,691	\$174,269	14%
SANITARY SEWER	\$546,937	\$713,345	\$166,408	30%
WASTE REMOVAL	\$245,230	\$265,000	\$19,770	8%
WASTE REDUCTION	\$18,870	\$31,000	\$12,130	64%
VECTOR CONTROL	\$25,769	\$53,402	\$27,633	107%
STREET LIGHTS	\$106,205	\$112,099	\$5,894	6%
TOTAL	\$2,230,434	\$2,609,537	\$379,103	17%

CHANGES IN EQUITY	2013	DESCRIPTION
	-\$56,302	TOWER WTC. CONTRACT
	\$24,158	FFRF TO CAPITAL IMP. JETTER TRK
	-\$11,500	INERT LAND FILL COSTS
	-\$11,718	INERT LAND FILL COSTS
	-\$20,711	REALLOCATE FEES TO STREET LIGHT
	\$118	NEEDS STABILIZATION
TOTAL	-\$124,261	

Enterprise Fund Activity 2013

- Strong Revenue Projections:** 2013 projections assume level utility rates, significant increases are becoming evident with improved metering of previously unmetered accounts and underperforming meters.
- Segregation of Water Distribution Expenses from Water Production Expenses:** distinguishing between production costs and distribution costs in department 1152. Notable increase of \$125,500 in overhead storage maintenance expenses.
- Waste Removal & Waste Reduction:** increases of +\$19,770 to reflect 3% rate increase from Waste Management and inert landfill costs of \$24,000 for the clean up of the City north worksite staging area adjacent to the lagoon area.
- Vector Control:** Reallocate \$.25 from the \$1 monthly vector control charge to the underperforming street light fund. Vector Control fund balances currently projected to exceed 2 years annual operating expense.
- Street Lights:** 6% increase with changes in the maintenance agreement with Otter Tail Power, fund has been underperforming with more expense than revenue for 3+ years -- must be corrected prior to fiscal year end to be compliant with GASB accounting.

2013 Projected Summary of Special Revenue, Debt Service, and Internal Service Funds

REVENUE BY FUND TYPE	2012	2013	+/-	+/- %
GENERAL FUND	\$2,832,400	\$3,015,367	\$182,967	6%
SPECIAL REVENUE FUNDS	\$3,143,597	\$3,587,965	\$444,368	14%
DEBT SERVICE FUNDS	\$2,064,670	\$2,138,042	\$73,372	4%
INTERNAL SERVICE/OTHER	\$47,500	\$5,000	-\$42,500	-89%
ENTERPRISE FUNDS	\$2,236,324	\$2,485,276	\$248,952	11%
TOTAL	\$10,324,490	\$11,231,649	\$907,159	9%

EXPENSES BY FUND TYPE	2012	2013	+/-	+/- %
GENERAL FUND	\$2,832,400	\$3,015,367	\$182,967	6%
SPECIAL REVENUE FUNDS	\$2,496,581	\$3,262,167	\$765,586	31%
DEBT SERVICE FUNDS	\$2,121,702	\$2,154,334	\$32,632	2%
INTERNAL SERVICE/OTHER	\$40,660	\$0	-\$40,660	-100%
ENTERPRISE FUNDS	\$2,230,434	\$2,609,537	\$379,103	17%
TOTAL	\$9,721,777	\$11,041,404	\$1,319,628	14%

CHANGES IN EQUITY	2013	DESCRIPTION
	\$0	MAINTENANCE
	\$325,798	GAINING - SALES TAX COLLECTIONS
	-\$16,232	TWING OF BOND PAYMENTS
	\$5,000	CLUBHOUSE MICE FUND
	-\$124,261	DRAW DOWN FOR CAPITAL IMP.
TOTAL	\$190,245	

2013 Compensation Summary

2013 FUND	GROSS	FICA	NDPERS 5.2%	CAFÉ	TOTAL
General Fund	\$1,201,183.05	\$91,967.07	\$91,403.89	\$24,530.00	\$1,413,084.01
Water	\$25,882.77	\$22,842.68	\$27,430.00	\$27,827.70	\$94,013.15
Sanitary	\$162,462.46	\$13,869.01	\$16,907.88	\$30,170.00	\$203,311.35
Waste Removal	\$6,275.84	\$480.10	\$381.14	\$1,260.00	\$8,397.09
Vector Ctrl	\$2,196.30	\$93.02	\$1,120.38	\$1,000.00	\$3,310.70
Library	\$10,820.07	\$4,477.77	\$10,361.98	\$22,281.00	\$31,913.32
Planning	\$3,620.00	\$733.63	\$860.31	\$1,117.20	\$12,303.86
PublicWks	\$8,015.30	\$4,973.44	\$6,850.14	\$13,288.00	\$30,116.89
Economic Dev.	\$10,320.04	\$7,383.37	\$8,853.31	\$13,880.00	\$30,116.89
TOTAL	\$1,261,843.18	\$105,199.18	\$105,283.64	\$29,848.00	\$1,497,174.00

change 2012 to 2013	GROSS +/-	FICA	NDPERS 5.2%	CAFÉ	TOTAL
General Fund	\$65,664	\$1,424.34	\$1,403.00	\$4,493.00	\$73,000.34
Water	\$24,982.77	\$2,882.68	\$4,968.45	\$2,244.00	\$35,083.28
Sanitary	\$16,588.81	\$1,354.44	\$1,690.33	\$2,244.00	\$22,877.58
Waste Removal	\$1,823.79	\$139	\$77.68	\$0.00	\$2,031.45
Vector Ctrl	\$28,223	\$271.6	\$151.31	\$0.00	\$30,645.91
Library	\$13,278	\$484.93	\$1,374.82	\$1,260.00	\$16,403.75
Planning	\$28,220	\$214.3	\$112.34	\$0.00	\$30,645.91
PublicWks	\$12,303.86	\$7,383.37	\$8,853.31	\$13,288.00	\$41,833.54
Economic Dev.	\$3,293.23	\$2,383.37	\$2,731.12	\$4,288.00	\$12,705.72
TOTAL	\$117,389.89	\$9,747.9	\$9,658.85	\$12,432.00	\$147,227.64

Gross Salary by Source	2012	2013	% Change	% Change	MHI Equiv.
Property Tax Funds	\$1,712,026.93	\$1,800,330.72	\$88,303.79	5.16%	6.65
Enterprise Funds	\$618,084.60	\$676,905.89	\$57,821.29	9.35%	N/A
Sales Tax Funds	\$322,117.66	\$224,940.31	-\$97,177.35	-30.00%	N/A
TOTAL	\$2,652,229.19	\$2,702,176.92	\$49,947.73	1.88%	

New PW Operations Manager Position (included above)	\$56,000.00 Salary	\$11,772.00 Benefits	\$5,165.00 FICA	\$4,284.00 Retirement	\$76,221.00 Total
---	--------------------	----------------------	-----------------	-----------------------	-------------------

Compensation Items for 2013

- Salaries:** Include 1 new full time equivalent for the PW Operations Manager. Cost of living increases of 3% of 2012 budget salary are included in the 2013 budget. The gross increase in salaries prior to the PW Operations position is +\$61,369.80
- FICA:** Social Security and Medicare Employer obligations are calculated at 7.65% of salaries. The gross increase in employer FICA expense prior to the PW Operations position is +\$4,694.79
- Cafeteria Benefits:** Include 45 benefited positions with 20 positions currently budgeted \$931 mo. \$1,172 per year for family health insurance and 25 positions are budgeted at \$525 mo./\$6,300 per year carrying single or no health insurance. The current NDPERS BCBS Health Insurance contract expires on June 30, 2013, the employee cafeteria benefit allotments remain unchanged in the 2013 budget.
- Retirement Benefits:** Include a mandatory increase of 1% employer and 1% employee contributions for 2013. The employer portion increase total prior to the additional PW Operations position is +\$23,871.25

Other Items

- Capital Improvements Budget Fund 229 includes capital leases for a tractor and wheel loader.
- Sales Tax revenue allocations will remain consistent with 2013 percentages:
 - Economic Development 27% \$513,000
 - Flood 45% \$855,000
 - Recreation 3% \$57,000
 - Infrastructure 25% \$475,000
 - Total \$1,900,000**
- Sidewalk Mtc. Fund may be used to match homeowner funds for a sidewalk repair and replacement program in 2013.

First reading of the Budget Ordinance No. 945 is scheduled for Sept. 4, 2012

Huwe addressed questions from those present regarding the information provided during the presentation. Huwe noted first reading of the Budget Ordinance No. 945 was done tonight.

With nothing further to discuss, meeting adjourned at 6:46 pm.

City Council Vice-President Hansey

Lynelle Amos, Finance Assistant