

Budget Message



Budget Message 2009-2010

GENERAL FUND

The General Fund is the primary fund of the City.

Revenues

- **Sales Tax** – Last year’s projected increase in sales tax revenue was 8.7%. This year, we are estimating a 2.0% decrease.
- **Property Tax** – Last year, property tax revenues remained about the same as the previous year. We are anticipating a slight increase this year.
- **Highway Tax** – This tax revenue is used to fund new street equipment, supplies, and road repair projects. This year, an increase of 4.1% is projected.
- **Electric Fund Transfers** – The Electric Fund is the largest contributor to the General Fund. This year, the transfer increased by 27.3%, as compared to last year’s increase of 15.6%.

The table below summarizes the General Fund revenues.

<i>Fiscal Year</i>	<i>Sales Tax</i>	<i>Property Tax</i>	<i>Highway Tax</i>	<i>Electric Fund</i>	<i>*Other</i>
2009-2010	2,450,000	650,000	760,000	1,952,050	2,448,551
2008-2009	2,500,000	645,000	730,000	1,533,225	2,648,135
+/-	-2.0%	+0.78%	+4.1%	+27.3%	-7.5%
<i>*Other: This total includes all other General Fund Revenues including: franchise taxes, zap tax, transient room tax, intergovernmental revenues, licenses, permits, charges for services, fines, interest, and miscellaneous revenues.</i>					

Expenditures

Total General Fund expenditures are budgeted for \$8,260,601. This is a 2.5% increase over last year’s budget.

CAPITAL IMPROVEMENTS

Capital improvement expenditures are approximately 30.2% more than last year. All General Fund capital expenditures are reported in the Capital Improvements Fund, with the exception of equipment purchased with Class C Road funds. The following table presents a comparison of capital expenditures.

<i>Fund</i>	<i>2009-2010</i>	<i>2008-2009</i>
General	265,0000	310,000
Capital Improvements	1,394,600	971,600
Water/Sewer	1,635,200	1,271,200
Electric	210,000	178,000
Swimming Pool	40,000	10,000
Community Development (CDRA)	150,600	89,700
Information Systems	0	8,000
Total	3,695,400	2,838,500

The City anticipates applying for approximately \$1,343,600 in grants and \$1,377,000 in loans to assist in funding the capital expenditures shown above.

TRANSFERS

The following transfers were approved to cover the various funds' operation and maintenance expenses:

<i>From</i>	<i>To</i>	<i>Amount</i>
Electric	General	1,952,050
CDRA	General	10,000
General	Swimming Pool	481,300
General	Capital Improvements	315,000
General-Zap Tax	Capital Improvements	30,000
General	Drug Task Force	106,220

FUND BALANCE

The following amounts from Fund Balance will be utilized during 2009-2010:

<i>Fund</i>	<i>Amount</i>
General	240,195
General – Zap Tax	30,000
Capital Improvements	100,000

PERSONNEL

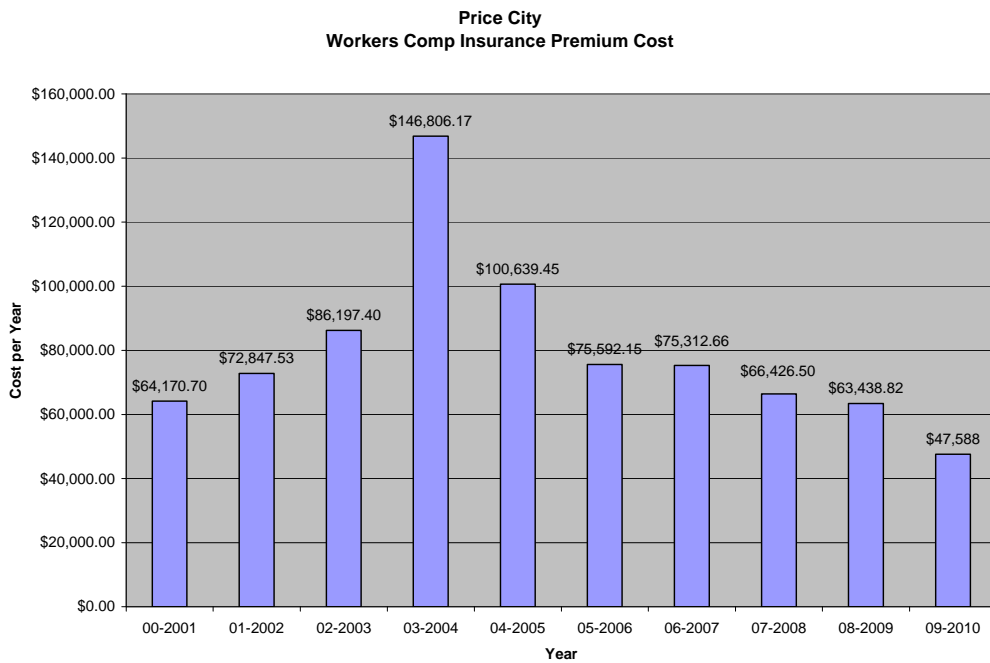
The largest ongoing budget cost at Price City is the investment in employees. The management of that investment is taken seriously by everyone at Price City from the elected official to the newest employee. At a time when many government and private sector entities are transferring benefit costs to employees and are unable to fund wage increases, Price City will continue to pay 100% of basic fringe benefits and has increased the wage and salary budget by 4.9% for 2009-2010.

The following table is a comparison between last year's and this year's wages and benefits.

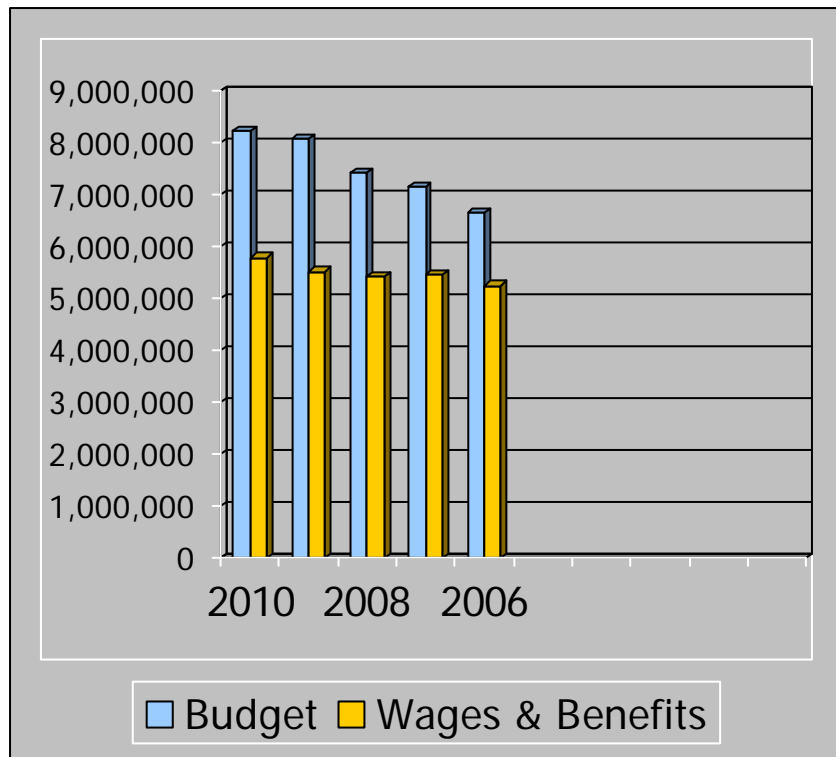
<i>Year</i>	<i>Wages</i>	<i>Benefits</i>
2009-2010	3,794,382	1,988,641
2008-2009	3,616,482	1,902,865

Price City has benefited from partnering with employees to manage costs. Safety performance improved dramatically and the workers compensation experience modifier went down 21% resulting in the lowest premium cost in a decade. Also contributing to the less than 4.6% budget increase for benefits was active plan design management, good consumerism of healthcare, and a focus on employee wellness.

A ten year comparison of workers compensation insurance premiums is provided in the chart below.

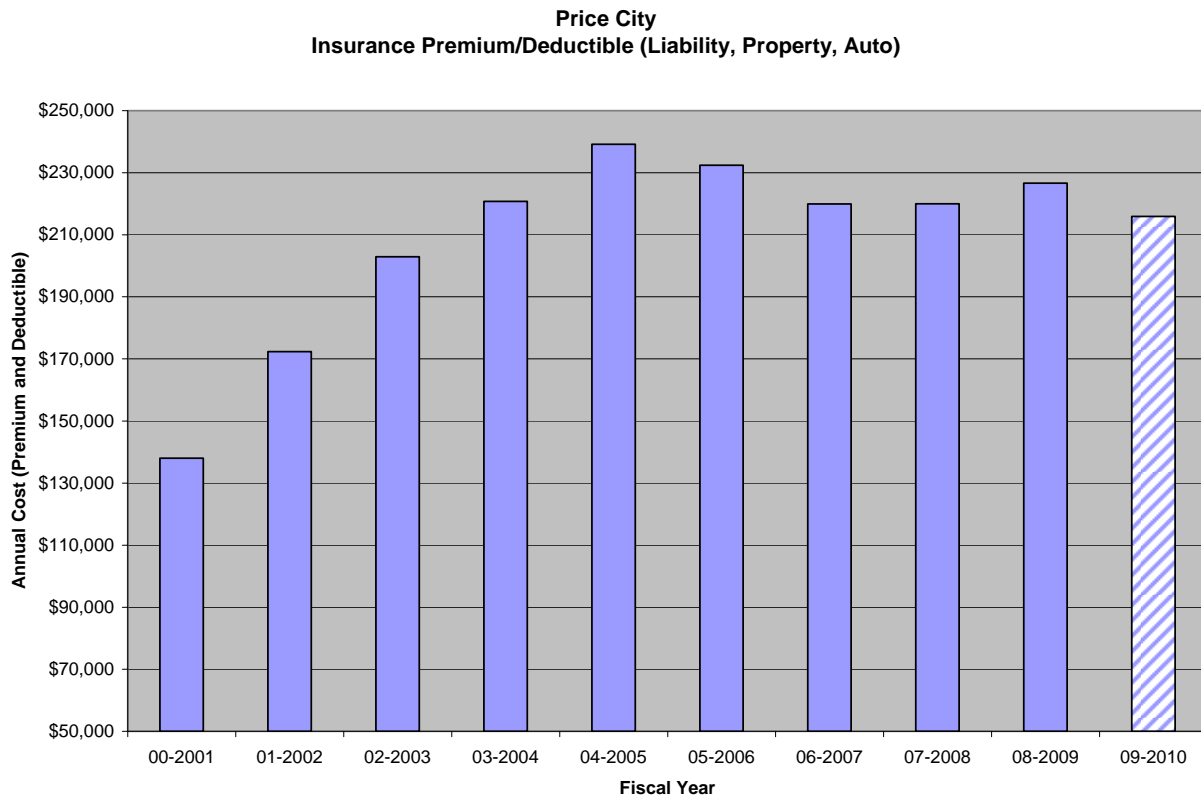


The following chart is a five year comparison between the General Fund budget and total wages & benefits.



RISK MANAGEMENT

Price City entered into a three year commitment for liability and property insurance that reduced cost by 5% in the current year and limits premium increases to not more than 10% in each of the remaining years to May 1, 2012. Effectively managing risks and reducing exposures will continue to be a focus of Price City departments. Our insurance partners continue to actively assist our efforts and are a key to our success.



RETIREMENT

Price City adopted the new option for Public Safety Retirement for 2009-2010, resulting in a .99% increase in contribution rate. Public Employees and Firefighters increased .04% and .35%, respectively. Retirement contributions by Price City will be 25.90% of wages for Public Safety Non-Contributory and 14.81% for all other eligible employees.

The table below summarizes the fiscal year 2009-2010 retirement contribution rates.

<i>Public Employees</i>	
Non-Contributory	14.81%
<i>Public Safety Employees</i>	
Contributory	27.30%
Non-Contributory	25.90%

WATER/SEWER FUND

Revenues

The City has budgeted to raise water and sewer rates \$1.00 per connection during fiscal year 2009-2010. This money has been earmarked for future infrastructure upgrades.

Expenses

- **Water** - The City is anticipating applying for \$270,000 in grants and \$700,000 in loans from the Permanent Community Impact Board (CIB) during 2009-2010. The funds will be used to replace water lines.
- **Sewer** - The City also plans to apply for an additional \$151,000 in CIB grant funds and \$387,000 in CIB loan funds to be used for sewer line replacement (\$487,000) and a new sewer line on Airport Road (\$51,000).

ELECTRIC FUND

The City anticipates raising electric rates during fiscal year 2009-2010 as a result of an increase in the City's cost to purchase power from its supplier. No major capital expenses are planned for the Electric Fund this year.

SWIMMING POOL

The only project budgeted for 2009-2010 is to re-roof the pool building.

I.S. FUND

Funds will be transferred from departments to the Information Systems Fund based on the number of devices in the departments.

ACKNOWLEDGEMENT

I have enjoyed working with the Mayor and Council this past year. Thank you for the direction and support you provide to the Finance Department.

A handwritten signature in blue ink that reads "Pat Larsen".

Pat Larsen
Finance Director