



## A Message from the Mayor

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### **The 2008 City Budget and Financial Matters**

Cities take different approaches to budgeting and financial matters. Some budget to “protect their levies.” That means in years when the state does not impose a levy cap – like this year – they levy through their budget as much as they can, both to make up for past levy caps and expecting caps to be re-imposed by the State at some point in the future. Prior Lake does not do this.

By the same token, some cities are less averse to taking financial risk, allowing their reserves to fall perilously low or their funding of accrual liabilities to be less than 100%. Prior Lake does not do this either.

### **The Budget**

As always, the Prior Lake budget process begins with the 2030 Vision and Strategic Plan. The Plan, updated by 130 area residents last February, establishes our five-year goals and two-year objectives. We know we cannot accomplish all of our objectives in one year. We do not have the financial nor human resources to get all the work done in 12 months. Moreover, the City Council recognizes that the economy is such that we must be sensitive to the financial position of all our residents.

That is why the Council conducted a workshop to discuss the budget, resulting in more than \$200,000 in expenditure reductions to the budget. Those cuts resulted in the tax impact of \$37, which is a 3.95% increase to an average-valued home (\$315,000).

While the amount of the budget is significant, it is more important to consider what the budget buys us. Here are some examples:

- Building Superintendent – the addition of the Police Station, City Hall and Fire Station No. 2, while essential to the City’s ability to provide services, also represent growing cost centers. Accordingly, the Council deems that it is appropriate to hire a consultant or full-time employee to minimize costs and optimize maintenance.
- Senior / Community Center Coordinator – a part-time position is to be added so Prior Lake will be able to operate a senior center. We recognize that investments have been made for so many other groups; and the Council feels it is now time to provide a place for our seniors to call their own.
- Most of the additional budget expenditures are related to labor agreements, building maintenance and operation, and fuel.

### **Financial Matters**

The 2030 Vision update this February also mandated that the City establish financial objectives and publish them every year so the public can determine how the City is doing. The Financial Gold Standards report card (which was distributed last Saturday with the Prior Lake American) is composed of indicators and information deemed important by the City auditor and those who participated in the 2030 Vision and Strategic Plan. The City’s auditing firm supplied much of the information to assure that it is reliable and unbiased. To save costs, the report card was designed by City staff and distributed at a cost of 28 cents per piece.

The report card addresses seven gold standards including tax rate, bond rating, general fund balance, investment level, property tax ratio, and relief association pension and budget outcome. The City is meeting or exceeding our objectives in most categories. But this is an ongoing process. It is the direction of the Long-Range Planning Committee and the City Council to distribute our financial report card each year so citizens can judge how their government is doing. Very few cities have established such financial standards for themselves.

Your City Council is working hard to make the most out of every tax dollar both in our budgeting and financial practices. It is for that reason that Prior Lake’s tax rank (city taxes) continues to drop when compared to other developing communities who share the same challenges and the entire metropolitan area. This is especially the case in Scott County where Prior Lake’s property tax rate ranking is now the lowest.

Nonetheless, on behalf of Councilors Erickson, Hedberg, LeMair and Millar, I invite you to participate in the budgeting process. Please reserve Monday, Dec.3, 2007 on your calendar to attend our Truth-in-Taxation hearing at 7 p.m. at City Hall.

**Mayor Jack Haugen**