

Mayor
Wayne Boucher

Councilors
Gloria Nelson
Darlene Koski
Natalie Peterson
John Geissler

Administrator
John Mulder



2017 Annual Budget

Budget In Brief

Mission Statement

Organization Mission: *Our mission is to provide excellent and quality services in partnership with our citizens in the highest degree of professionalism and teamwork supported by visionary leadership and planning with fiscal responsibility.*

The purpose of the Budget in Brief document is to provide a very brief overview to the City of Hermantown’s 2017 Annual Budget. A complete budget booklet can be found on line at hermantownmn.com, or by contacting City Hall.

The goal of the 2017 Budget was to enhance excellence and quality in the delivery of services balanced with the fiscal responsibility to the citizens of Hermantown while advancing the goals of the City Council.

The expenditures in the 2017 General Fund Budget are increasing 8.0% or \$379,789 This increase is due to the following factors: personnel expenditures that reflect the negotiated wage increases for all employees, an approximate 10% increase in the health insurance premiums, a large increase (\$102,000) in Fire Department Budget, and increases in street and equipment maintenance in the Street Department.

The table below shows the final budget and increase for both the general fund and overall budget.

Expenditures	2016 Budget	2017 Budget	% Change
General Fund Budget	4,720,500	5,100,289	8.04%
Total City Budget (All Funds)	11,628,880	12,452,538	7.08%

The General Fund budget relies heavily on local property tax to fund the expenses. Local property taxes make up 87.2% of the total revenue in the General Fund. Local Government Aid is reduced by \$97,260 for 2017, equivalent of a 2% tax increase. The City will only receive \$66,001 in LGA in 2017.

This budget message has summarized the changes in the City’s budget from 2016 to 2017, but more importantly, it has attempted to give a sense of the direction and priorities the Council has set for the organization as we serve the community.

Value Statements

The following values are fundamental to the City of Hermantown and the fulfillment of our mission:

Excellence and Quality in the Delivery of Services

We believe that service to the public is our reason for being and strive to deliver quality services in a highly professional and cost-effective manner.

Fiscal Responsibility

We believe that fiscal responsibility and the prudent stewardship of public funds is essential for citizen confidence in government.

Ethics and Integrity

We believe that ethics and integrity are the foundation blocks of public trust and confidence and that all meaningful relationships are built on these values.

Treating Citizens as our Partners

We strive to treat all citizens with courtesy and as valued partners who deserve the best services we can provide.

Positive Relations with the Community

We believe that positive relations with the community and the public we serve leads to positive, involved, and active citizens.

Professionalism

We believe that continuous improvement is the mark of professionalism and are committed to applying this principle to the services we offer and to the development of our employees.

Visionary Leadership and Planning

We believe that the very essence of leadership is to be visionary and to plan for the future.

Cooperation and Teamwork

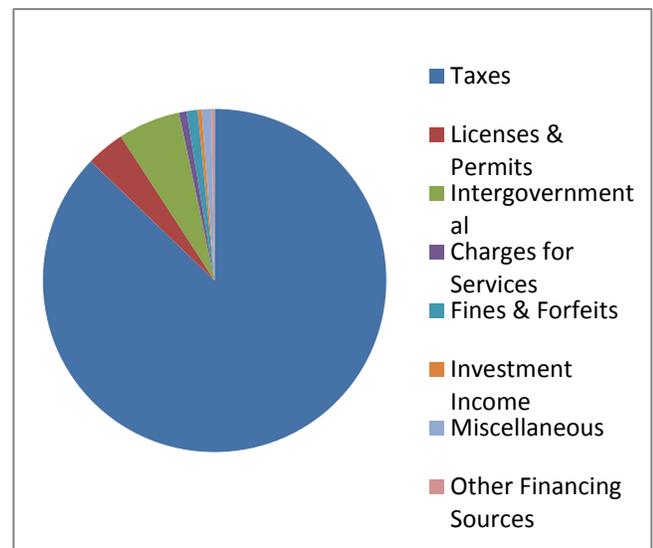
We believe that the public is best served when departments and employees work cooperatively as a team.

2017 Financial Summary Information

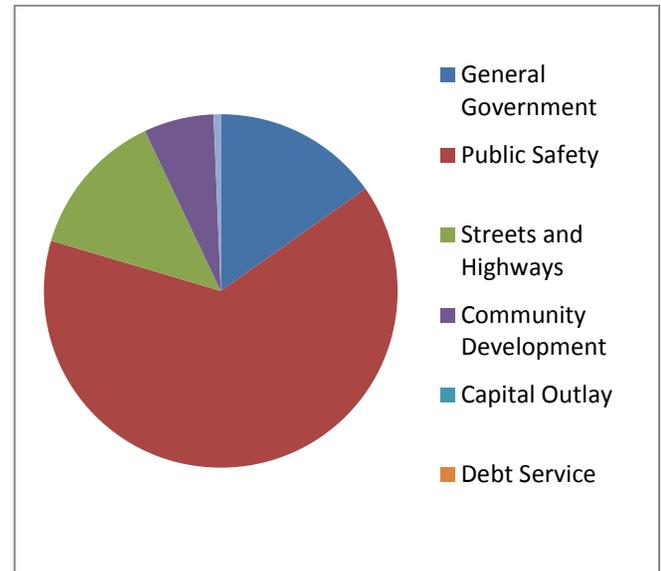
	2015 Actual		2016 Original Budget		2017 Budget	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
General Fund	\$4,805,742	\$4,749,104	\$4,720,500	\$4,720,500	\$5,100,289	\$5,100,289
Special Revenue Fund	\$3,060,584	\$1,702,498	\$2,763,076	\$1,572,042	\$3,000,855	\$1,673,746
Debt Service Funds	\$2,583,670	\$3,406,962	\$2,309,542	\$2,499,554	\$2,237,846	\$2,233,794
Capital Project Funds	\$712,146	\$637,261			\$280,000	\$280,000
Enterprise Funds	\$3,032,192	\$2,739,550	\$2,907,888	\$2,836,784	\$3,043,638	\$3,164,709
Total	\$14,194,334	\$13,235,375	\$12,701,006	\$11,628,880	\$13,662,628	\$12,452,538

General Fund Detail

Budgeted Revenues	ACTUAL	BUDGET	BUDGET	Percent
	2015	2016	2017	
Taxes	\$3,623,092	\$3,925,900	\$4,447,658	87.2%
Licenses & Permits	271,133	195,195	184,000	3.6%
Intergovernmental	562,618	395,373	298,113	5.8%
Charges for Services	72,673	30,341	36,759	0.7%
Fines & Forfeits	55,932	53,250	53,200	1.0%
Investment Income	32,631	28,500	19,500	0.4%
Miscellaneous	106,792	61,941	46,059	0.9%
Other Sources	80,871	30,000	15,000	0.3%
	\$4,805,742	\$4,720,500	\$5,100,289	

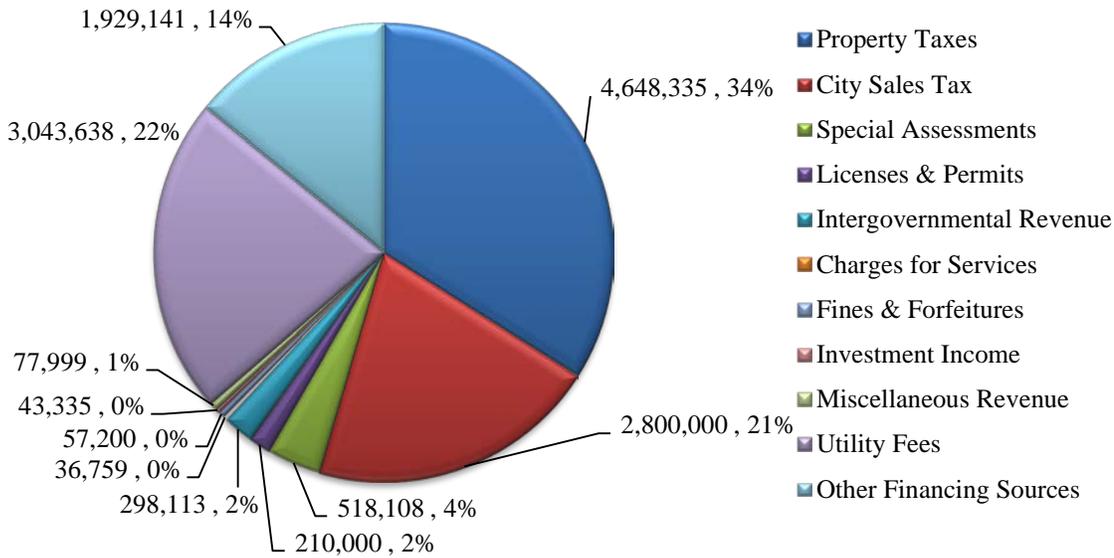


Budgeted Expenditures	ACTUAL	BUDGET	BUDGET	Percent
	2015	2016	2017	
General Government	\$ 717,292	\$ 756,310	\$ 774,959	15.2%
Public Safety	2,766,513	2,903,704	3,284,438	64.4%
Streets and Highways	529,395	655,899	681,192	13.4%
Community Dev.	222,829	316,234	326,700	6.4%
Capital Outlay	125,595			
Debt Service	9,907			
Other Uses	377,573	88,353	33,000	0.6%
	\$4,749,104	\$4,720,500	\$5,100,289	



2017 Budgeted Revenues

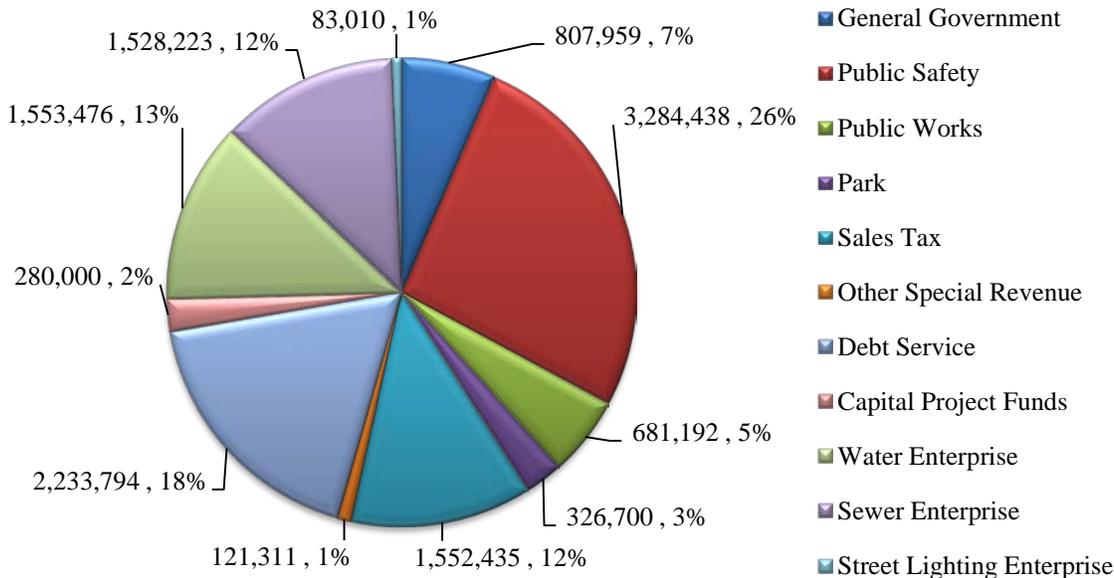
Total Budgeted revenues for all funds equal \$13,662,628.



Revenues:			Expenditures:		
The four largest components of the 2017 revenue budget, accounting for 81% of total revenues, in descending order based on dollars are as follows:			The four largest components of the 2017 expenditure budget, accounting for 69% of the appropriations, in descending order based on dollars are as follows:		
Property Taxes	\$4,648,335	34%	Public Safety	\$3,284,438	26%
Utility Fees	\$3,043,638		Debt Service	\$2,233,794	18%
City Sales Taxes	\$2,800,000	21%	Water Enterprise	\$1,553,476	13%
Special Assessments	\$518,108	4%	Sewer Enterprise	\$1,528,223	12%

2017 Budgeted Expenditures by Function

Total budgeted expenses for all funds are \$12,452,538



Estimated City Taxes Payable in 2017

The following table lists the estimated city taxes payable in 2017 for various home values. These figures do not include a market value exclusion that the state utilizes to reduce residential property taxes.

Home Market Value	2016 Payable City Taxes	2017 Payable City Taxes
\$ 100,000	\$ 356.30	\$ 394.77
150,000	\$ 534.45	\$ 592.16
200,000	\$ 712.60	\$ 789.54
250,000	\$ 890.75	\$ 986.93
300,000	\$ 1,068.90	\$ 1,184.31
350,000	\$ 1,247.05	\$ 1,381.70
400,000	\$ 1,425.20	\$ 1,579.08
450,000	\$ 1,603.35	\$ 1,776.47
500,000	\$ 1,781.50	\$ 1,973.85

Where Do Our Property Tax Dollars Go?

A \$217,400 home generates \$858 in annual property taxes:
This comes to \$71 per month for 2017.



5105 Maple Grove Road ■ Hermantown, MN 55811
Ph: 218-729-3600 Fax: 218-729-3620
www.hermantownmn.com