

## Auditor concerned with city's cash reserve levels

**By Jan Schultz**

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In the city of Imperial's proposed 2012-13 budget, \$60,000 is being added to the cash reserve. That represents the difference in comparing this year's higher General Fund property tax request to last year's, according to figures being prepared by City Clerk/Administrator Jo Leyland.

A property tax request of \$546,500 is in the 2012-13 General Fund operating budget, up from the 2011-12 askings of \$486,500.

The proposed increase in property taxes comes on the heels of a zero property tax increase for the General Fund last year.

Leyland said the council had indicated they would like to keep the General Fund levy the same again this year. But, the city's auditors expressed concern with the cash reserve level, believing it should be just over \$2 million. At the end of this fiscal year (Sept. 30), the cash reserve is projected to be at \$1,830,368.

Adding the \$60,000 additional proposed in the budget still leaves that cash reserve level below the recommendation, Leyland pointed out.

The levy for the General Fund, if approved as proposed, would go up from 41 cents this year to 44.6 cents (per \$100 valuation).

Cities of Imperial's size have a levy limit of 45 cents for the General Fund, with an additional five cents allowed for inter-local agreements.

In addition to the General Fund, there are also bond payments and airport costs supported by city property taxes.

Assessing property owners for bond payments is outside the 45-cent levy limit, Leyland said, as are the airport expenses.

For 2012-13, city property owners will pay an additional 2.3 cent levy, or \$37,669, to make payments on the various bonds for the street paving on East 5th, 9th and 12th Sts., drainage projects and the new city fire truck. That will increase the bond request to \$322,816, and an overall levy of 28.33 cents.

Added to that is a \$10,000 request for the airport budget and its bond payments for another 4.23-cent levy.

In all, the General Fund, bonds, airport and 1% county treasurer collection fee equate to a city property tax request of \$878,009, and a 77.06 cent levy.

For 2011-12, the entire tax request was \$779,363, and a levy of 71.07 cents.

That's just over an 8 percent increase.

The city saw a big jump in its property valuation from 2011 to 2012, Leyland said, which will help spread the tax burden a bit.

The new valuation of \$113,929,910 increased a total of \$4,285,662, or 3.9 percent, from the 2011 valuation of \$109,654,248.

One of the major expenses within the budget this year is a possible \$2.1 million paving project in the Sage Addition.

While Sage Addition property owners would pay for the majority of the paving costs there, it has to be shown as a budget expense, too, should the project happen, Leyland said.

The project would have to be bonded, Leyland added, since property owners can choose to pay back their assessments over a multi-year time frame.

However, the project, which would include curb and gutter, would not be started until the residents there successfully petition the city for creation of a street improvement district, Leyland said.

There is also some minor departmental equipment purchases requested in the budget, along with a \$25,000 set-aside request by the Imperial Volunteer Fire Department for a future building.

Leyland said department heads have asked for employee wage increases of three percent on average.

The budget hearing will be part of Monday's regular city council meeting starting at 6 p.m. in the council chambers.