

# City of Spirit Lake

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March 29, 2010

Mayor Andera and City Council Members:

Presented herein is the City of Spirit Lake Certified Budget for FY 2010/2011. This budget resulted from a process of reviewing the City's requirements in light of a national economic recession and the needs of our taxpayers.

The FY 11 Budget is pretty "bare bones" for the fiscal year. The Budget holds the tax levy at the current rate of \$10.544 per thousand dollars of taxable valuation. Expenses and transfers out are \$13.2 million and total revenues are \$13.2 million. Expenses are reduced from the prior year. For the first time in many years, no major projects are budgeted to occur in the upcoming fiscal year. The very restrictive budget was the City's response to continuing economic difficulties facing our nation and community.

No salary increases are allowed and services are kept at current levels across the board. Capital spending on vehicles and equipment is kept at a minimum. Funding for community grants was reduced. This is a very tight budget. The City's net debt should be reduced since no new debt is planned.

The Council did provide funding for resuming the seal coat program for city streets. A storm drain improvement project is funded as well as starting the repair of rail road crossings. During the year, the City will focus on street and park maintenance and future planning. Grants may be sought for infrastructure repairs, library and park improvements, and energy efficiency projects. The Council will consider funding a local match for grants if they are awarded. Future planning for a new city hall building and a new business park is funded. If the Council approves, it is possible that the voters will be asked to approve a bond issue for a new city hall.

The Council was very sensitive to the condition of the local economy and the deterioration of the city budget during FY 10. We were fortunate that past efforts to improve our financial condition allow us to weather the downturn with minimal negative effects. As we near the end of FY 10, there are some positive signs that the economy is improving.

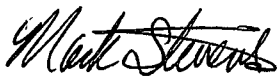
FY 2011 Budget Message  
March 29, 2010

The City of Spirit Lake has responded to the economic times with a tight but balanced budget while holding the line on the tax levy rate. We are continuing our plan to reduce city debt and planning for new development and municipal improvement projects. In the meantime, we are refocusing on maintenance of city property and taking care of our obligations.

City employees have taken on more duties while their compensation has been frozen or even reduced (after considering insurance costs). They carry out the policies and programs of city government and do their best to serve the public. We should all recognize their contribution to making our city a great place to live and work.

The Council and City administration have worked closely together on policy issues and the development of this Budget. The coming year presents challenges and opportunities as we strive to improve our financial condition yet meet the needs of City residents.

Sincerely,

A handwritten signature in black ink that reads "Mark Stevens". The signature is written in a cursive style with a large, stylized initial "M".

Mark Stevens  
City Administrator