

City of Lima, Ohio

50 Town Square Lima, Ohio 45801-4900
419/228-5462 Fax 419/221-5199 www.cityhall.lima.oh.us

David J. Berger, Mayor

December 10, 2013

Lima City Council
50 Town Square
Lima, Ohio 45801

Subject: Mayors Budget Estimate 2014

To Councilors:

The City of Lima's General Fund expenditure budget for 2014 is \$28.8 million. Proactive cost controls have resulted in the City historically spending less than authorized general fund expenditures by approximately 5%. The City of Lima is expecting to under spend the 2013 budget by 5%. With continuing conservative and proactive financial management, actual expenditures for 2014 are estimated to be equal to revenues. Revenues are estimated at \$27.9 million. The City's cash balance at year end 2013 is estimated at a healthy level in excess of \$8 million which is more than 30% of annual general fund expenditures. The City of Lima's level of cash reserves is much better than the average municipal cash balance forecast for US municipalities in 2013 by the National league of Cities at 15%. Maintaining the City's healthy cash balance in 2014 will continue to be facilitated by careful management of replacement hiring. A continuing economic recovery at the national, state and local levels could result in revenues at higher levels than estimated.

The City faces further cuts of State and Federal funds provided to municipalities through a variety of programs. Consequently, it is important that the City's financial management remains proactive and conservative and that cash balances be maintained at a safe level due to the uncertainty of actions with potential negative impact imposed at the State and Federal levels.

In the Police Department the 2014 budget allows the retention of all 6 grant positions with the provision of general fund resources Those grants began phasing out in 2013. The budget also allows for hiring of manpower which was delayed in 2013.

In the Fire Department the 2014 budget allows for the hiring of manpower for which hiring was delayed in 2013. The reduced level of overtime spending accomplished in prior years will be maintained. The successful LFD hospital transport operation also continues to provide a valued service to the community. The addition of a second ambulance to the transport operation provides additional service to the community and is self funded by the insurance reimbursements for that service.

Significant general fund capital spending has been accomplished in 2012 and 2013. Continuing a strong capital spending program in 2014 requires the continuing strong financial health of the City of Lima. A continuation of the national and state economic recovery is expected. Additional capital spending proposals will be considered during a midyear review. The City has adopted the practice of a mid year review of its long term three to five year capital purchase requirements to ensure revenue and spending forecasts for the year continue to allow for those major spending outlays in the current budget period.

For the Enterprise Funds the 2014 budget estimates are as follows:

The City of Lima's Water fund operating budget for 2014 is \$15.4 million. The capital budget for 2014 for Water is \$9.7 million.

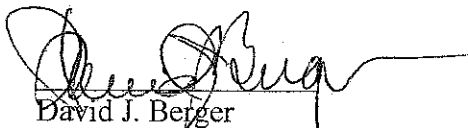
The City of Lima's Sanitary Sewer fund operating budget for 2014 is \$11.2 million. The capital budget for 2014 for Sanitary Sewer is \$9.5 million.


The City of Lima's Storm Sewer fund total budget for 2014 is \$2.8 million. The capital portion of the budget for 2014 Storm Sewer is \$1.3 million.

The City of Lima's Refuse fund operating budget for 2014 is \$3.0 million.

The all expenditure budget totals for all funds including grants which are being administered is \$ 98.4 million.

Sincerely,


David J. Berger
Mayor


Steven Cleaves
Finance Director

Attachment: 1: 2014 Budget Estimate.