

**FINANCE COMMITTEE
COUNCIL ROOM, CITY HALL
OCTOBER 5, 2023
3:30 P.M.**

The Finance Committee met in the Council Room of City Hall, Mayor Poeschel presiding. On roll call: all members present.

The minutes of the previous meeting were declared approved.

The City Clerk presented the Third Quarter 2023 budget revenues and expenditures report, including non-lapsing funds, for review.

The City Clerk presented the 2024 budget workpapers for review by the Finance Committee. The budget categories and individual lines were discussed. Estimated revenues were reviewed line by line. Discussion on which budget lines affect the tax levy and which are continuing appropriations, State aids (including the 20% shared revenues increase) and transportation aids formulas. The various department request figures as presented (including the 3% wage increase for non-union employees and firefighters wage increases), were reviewed line by line. With the refinancing in 2016, the TIF District #2 Increment has begun to repay previous City Advances. With the refinancing, the TIF District #3 Increment is not large enough to cover the scheduled loan payments for 2024 – under the Developer’s Agreement, Boon is required to pay the difference. The TIF District #4 Increment is not large enough to cover the scheduled loan payments for 2024 and a City Advance will be needed for the difference.

City Clerk Roehl presented the Estimated General Funds Applied Rollover for the current budget year as follows:

GENERAL FUNDS APPLIED

<u>Revenues:</u>	Taxes	Down	\$	(17,845)	
	Special Assessments	---		-0-	
	Intergovernmental Revenues	Up		64,840	
	Licenses and Permits	Up		400	
	Fines, Forfeits, Penalties	Up		481	
	Public Charges for Services	Down		(17,294)	
	Intergovernmental Service Revenues	Down		(10,351)	
	Miscellaneous Revenue	Up		18,629	
	Other Financing Sources	Down		<u>(2,901)</u>	
	Estimated increase in revenues over previous year*		\$	<u>35,959</u>	(A)
<u>Expenses:</u>	General Government	Up	\$	2,765	

Public Safety	Up	45,812	
Public Works	Up	69,524	
Health and Human Services	Down	(5,867)	
Culture, Recreation, Education	Down	(7,805)	
Conservation and Development	Up	667	
Capital Outlay	Up	3,360	
Debt Service	---	-0-	
Estimates increased in expenses over previous year**		<u>\$ 108,456</u>	(B)

<u>Contingency:</u> ***	Up	<u>\$ 2,341</u>	(C)
-------------------------	----	-----------------	-----

Estimated 2022 General Funds Applied Rollover	\$ 402,445
Estimated 2023 Activities (A + B C)	<u>(74,838)</u>

Estimated 2024 General Funds Applied Rollover	<u>\$ 327,607</u>
---	-------------------

* Increases: Taxi Aids-CARES (\$66,700), Interest Income (\$24,864),
Decreases: Water Department PILOT (\$16,838), Mobile Home Fees (\$498)
Transportation Aids (\$2,247), Cemetery Revenues (\$10,957),
Weed Control (\$1,200), Police Department Fines (\$3,714),
Fire Protection (\$10,351), Insurance Proceeds (\$5,986),
Water and Sewer Reimbursements (\$2,901)

** Increases: Codification of Ordinances (\$2,765), Police Depart. Adm. (\$55,633),
Taxi Service (\$79,075), Traffic Control (\$2,935),
Snow and Ice Removal (\$19,364), Rec. Dept. Administration (\$10,685),
Sidewalk and Crosswalk Outlay (\$3,060)
Decreases: Fire Department Administration (\$7,549), Police Station (\$2,272),
Machinery and Equipment Operations (\$14,588),
Street Maintenance (\$16,211), Cemetery (\$5,867), Parks (\$17,594),
Community Center (\$900)

*** Increased as a result of budget increases for 2023

The City Clerk presented the 2023 Municipal Levy Limit Worksheet. Line 5 shows the State levy limit growth - freeze at 0%; Line 6 shows the City's net new construction increase of 0.523% or \$5,651; Line 8 is the line showing the State law which replaced Code 2 Personal Property of local businesses (non-manufacturing) with a Personal Property Aid which decreases our levy by net \$9,113. When Line 6 (\$5,651) and Line 8 (\$-9,113) are netted together our allowable increase is being decreased by \$3,462.

City Clerk Roehl stated that the City's levy is also reduced on Line 3 by the Cemetery Building loan payment (\$77,744) and City Hall Building loan payment (\$62,199) which was placed on last year's levy.

By using Section D Line E: an adjustment for Debt Service Levy for general obligation debt authorized after July 1, 2005 – the City can add in the 2024 new debt service here – either the full payment of \$257,578 (Cemetery Building loan – \$77,745; City Hall Building loan – \$62,199; Public Works Vehicles/Equipment loan – \$117,634) or an amount less than full payment; Line Q is an adjustment which requires a new fee or fee increase for covered services (Garbage Collection, Fire Protection, Snowplowing, Street Sweeping, Storm Water Management) to be subtracted from the levy.

City Clerk Roehl added up all the proposed 2024 budget expenditures and contingency funds applied for a total of \$4,047,722 which when compared to the 2023 budget of \$3,595,717 or an increase of \$452,005 or 12.57%.

City Clerk Roehl added up all the proposed 2024 budget revenue lines and general funds applied for a total of \$2,522,768 which when compared to the 2023 budget of \$2,384,415 is an increase of \$138,353 or 5.80%.

City Clerk Roehl stated that when you add the increase in expenditures of \$452,005 less the increase in revenues \$138,353 less the debt service adjustment difference increase \$117,635 (\$139,943-\$257,578) less the net new construction increase \$5,651 you end up with a net increase of \$190,366 or 4.94% which exceeds the State of Wisconsin Levy Limit.

City Clerk Roehl stated our 2023 Budget increased less than the Expenditure Restraint Program allowed, so we are qualified for a 2024 ERP Payment, resulting in a revenue increase of \$38,443. Our revenue proceeds otherwise would have only increased by \$99,910. The net effect is we would have been \$228,809 over the levy limit.

The Committee reviewed the 2023 Levy as proposed with the following options in mind:

- 1) Leave the 2023 Levy as proposed at \$1,524,954, an increase of \$313,652 over the 2022 Levy. This would be over the State's levy limit and the State would penalize us.
- 2) Equalized Value has increased \$22,806,800, or 15.14% from last year 2022 - \$150,603,800 to \$173,410.600, however the Levy cannot grow under the State's levy limit freeze, except for net new construction (0.523% or \$5,651 for 2023).
- 3) Hold to last year's Levy of \$1,211,302 plus adding the change in Debt Service \$117,635 (Line 9-\$257,578 subtract Line 3-\$139,943) plus net new construction of \$5,561 or \$1,334,588. Which requires cutting \$190,366 (\$1,524,954 - \$1,334,588) from the 2024 budget proposal and authorizing a Section D Line E Adjustment for Debt Service Levy for general obligation debt authorized after July 1, 2005.
- 4) Hold to last year's Levy of \$1,211,302 plus adding the change the Debt Service \$117,635 (Line 9-\$257,578 subtract Line 3-\$139,943) or \$1,328,937. Which requires cutting \$196,017 (\$1,524,954-\$1,328,937) from the 2024 budget proposals and authorizing a Section D Line E Adjustment for Debt Service Levy for general obligation debt authorized after July 1, 2005.
- 5) Reduce below last year's levy of \$1,211,302 - how much?

6) Increase the General Funds Applied to the Tax Roll amount - how much?

7) Do additional borrowing - this allows for debt service payments over and above the allowable levy.

8) Any combination of the above.

Discussion followed on various budget cuts; using the City Attorney to help pay for the recodification of ordinances project and making the second payment in 2023; cutting the proposed Patrolman 6's salary and benefits; cutting the Police Squad and purchasing yet this year (2023); cutting Street Department Administration – Telephone by \$450 and Supplies and Expense by \$1,400; cutting Library Department Administration – Supplies and Expense by \$750 and Repair and Maintenance by \$1,500; cutting Parks – Telephone by \$410; cutting Planning by \$4,000 (WCWRPC) and cutting Street Construction Outlay by \$21,000 (engineering on the ST HWY 73 project).

Discussion on streets, having to borrow for the ST HWY 73 and US HWY 10 projects, as well as, other local street projects and development of a long-term plan

Discussion on Taxi Service – the 44% increase received in 2023; ridership and where they go; the total budget of \$330,000 of which about \$130,000 ends up on the City tax levy; the process on how to cancel or change the contract with Abby Vans; Clark County's involvement; and meeting with the parties involved.

Discussion followed on Continuing Appropriation fund accounts and balances, funding sources and restrictions.

The consensus of the committee, was to proceed under Option #3 and to make the following budget line cuts and adjustments:

Need to cut	\$190,366
One-time increase in General Funds Applies	<u>- 74,838</u>

Subtotal	\$115,528
----------	-----------

34000-000 Contingency Adjustment	<u>- 2,818</u>
----------------------------------	----------------

Subtotal	\$112,710
----------	-----------

<u>Account No.</u>	<u>Account</u>	
51300-210	Outside Counsel	< 600>
51310-000	Codification of Ordinances	<3,000>
51940-000	Claims Adjustments	<3,500>
51971-000	City Retirement Expense	<5,530>
51972-000	Social Security Expense	<5,585>
51973-130	Health Insurance Expense - Health	<11,865>
51973-131	Health Insurance Expense – Dental	<1,713>
51973-132	Health Insurance Expense – Deductible Reimbursement	<4,000>
52100-167	Police Department – Patrol 6	<12,407>
52100-347	Police Department – Uniforms & Equipment	<10,000>
52150-815	Police Auto – Vehicle	<25,000>

53100-221	Street Department – Telephone	<450>
53100-310	Street Department – Supplies & Expenses	<1,400>
55110-310	Library – Supplies & Expenses	<750>
55110-350	Library – Repairs & Maintenance	<1,500>
55200-221	Parks – Telephone	<410>
56300-900	Planning	<4,000>
57330-000	Street Construction Outlay	<u><21,000></u>
		<u>\$ <0></u>

Discussion followed on the Expenditure Restraint Program (ERP) funding for 2024.

Motion Counsell, second Neville, to earmark the 2024 ERP funding of \$38,443 for Account No. 57330 Street Construction Outlay. All Aye.

Motion Neville, second Petkovsek, to adjourn. All Aye.

Duane G. Poeschel, Mayor

Rex R. Roehl, Clerk