



TO: Mayor Lagergren and City Council Members

FROM: Angela Brumbaugh, Clerk-Treasurer

DATE: September 13th, 2021

RE: Budget / Levy

Attached is the update information for the 2022 proposed budget. When we look at the City's finances, we have five different category of funds: General, Capital, Debt, Enterprise, and Special. Because they are different, I have summarized them based on the categories. The two page summary does give you each General fund department and on the left it lets you know which category the fund is in. The graphs show you the summaries just in a different format.

A question that has been brought up periodically is the allocation of wages as most employees work in more than one department. You will notice the "Allocation of Salaries Based on Payroll" spreadsheet to give you an idea of the breakdown of wages.

The changes I have made to this budget are based off the minutes from the July 21st budget meeting, discussion with our Auditor, Brad and Tyler who works on our Long Range Plan (LRP). As I talk about different line items, you will notice I am referencing a number. Each line is numbered on the left and the column I will be discussing is the 2022 Budget or column J. The following has been changed from your first draft of expenses:

1. Operating Transfers, Line 7 – There was an additional \$130,000 listed which was for the Street Improvement Fund. Brad said we could just levy it right to fund 498 instead of doing a transfer from operating. This makes it much clearer for everyone to see the funds going to Street Improvements. (Subtract \$130,000)
2. The EDC is requesting the following items be added to the 2022 budget. These items were on the memo Karen Hallquist wrote and included with the budget. Not everything from that meeting is new and included in this draft. For instance Springfest was listed on the first draft so I did not add more money for that item. (Add \$5,800 total)
 - a. Additional Billboard displays - \$1,800 (Economic Development-Marketing, line 276)
 - b. Movie Theater Advertising - \$2,000 (Economic Development-Marketing, line 276)
 - c. Packets for Developers - \$1,000 (Economic Development-Print/Publishing, line 277)
 - d. Welcome Packets for Businesses and Residents - \$1,000 (Economic Development-Print/Publishing, line 277)
3. Other Professional Services with the Cemetery, line 286 had an additional \$10,000 added with the intent to have more monuments restored at Mau Cemetery. (Add \$10,000)
4. Fund 523, 2021a GO Bond had principal in the amount of \$150,000, line 577. I spoke with our Ehler's Representative, Nick, because according to the payment schedule we do not have a principal payment in 2022. He said that is correct and we could take off that amount. (Subtract \$150,000)
5. Fund 523, 2021 GO Bond , line 579 was lowered as we know the exact amount of the interest payment is \$25,802. (Add \$802)
6. The Sewer Fund (602) had an operating transfer budgeted because of sewer's portion of the 2021a BO Bond payment. Line 690 has been adjusted. (Subtract \$62,586)

Of course, we also had changes on the revenue side:

1. Line 4, property tax levy did change because of the changes made above. The total is \$1,606,558. (Subtract \$114,200)
2. Line 186 is the Capital Replacement Fund and it has been increased \$35,000 for Legion Park Playground Equipment. (Add \$35,000)
3. Line 187 and 190 have \$1,200 and \$2,044 added since the last meeting. It looks like it just wasn't included in the first meeting.
4. Line 360 with Fund 522 has a special EDA Tax Levy that is based off .0185% of Taxable Market Value. Our Taxable Market value is \$342,064,500. If we take that times .0185% the levy amount is \$63,282 which is an increase from the \$60,140 that was previously listed. (Add \$3,142)

You will also notice a sheet "Levy with Comparisons". This shows the last two years of adopted levy and the 2022 proposed levy. With the changes I have made, the levy increase from 2021 would be 3.58%. This includes moving the \$130,000 from the General levy to the Street Improvement Fund 498.

The Capital fund levy was increased because of the playground equipment. Another area Brad and I discussed is instead of basing our Capital levy on the proposed purchases, it may be better for our levy if we had an amount that was agreed would be included each year. It would keep our levy more consistent and some years we would be spending less and other years we would spend more.

With our total property values going up, in theory residents' taxes could decrease with the current levy. Another thought would be if you wanted to keep the taxes consistent we could include more for Street Improvements for the future projects. Of course, this would show a larger increase to the levy and people may not realize it shouldn't affect their taxes. Keep in mind there are a lot of variables with property taxes. If the value or status (homestead, commercial, etc.) changes that will change a persons taxes also. I will have a spreadsheet Tyler from AEM has put together to show the effects on a property based on the valuation at the Council meeting so you can get a better idea.

The other items that were listed in the minutes from July 21st, pertained to increasing capital. We can have those added in the LRP.

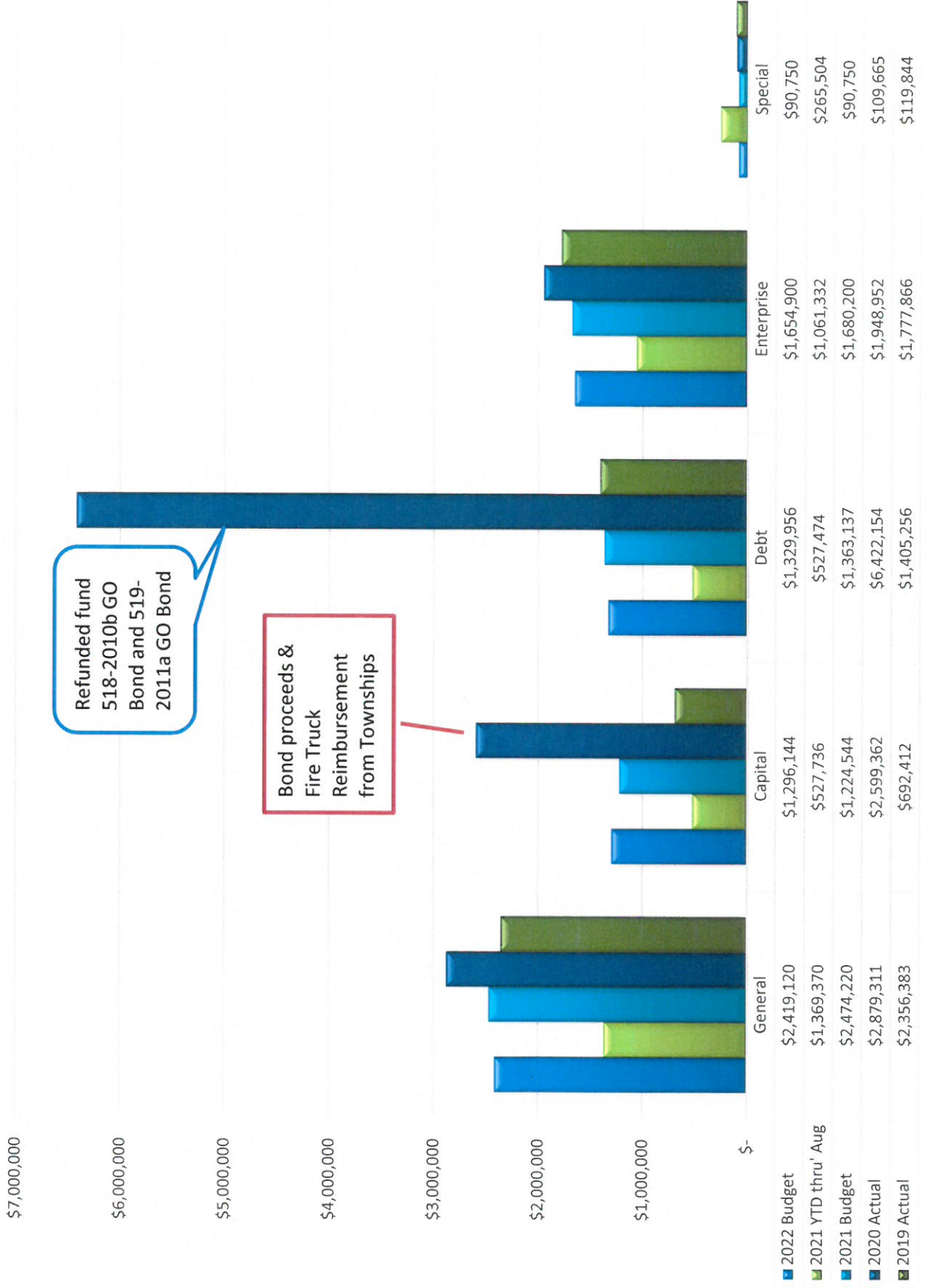
This is still just a draft and you can make changes but the preliminary will have to be approved at the September 27th Council meeting. After the preliminary levy is adopted the Council will have the opportunity to lower it before the final levy is adopted in December but you cannot increase it after the preliminary is adopted.

Please let me know if you have any questions. Thank you!

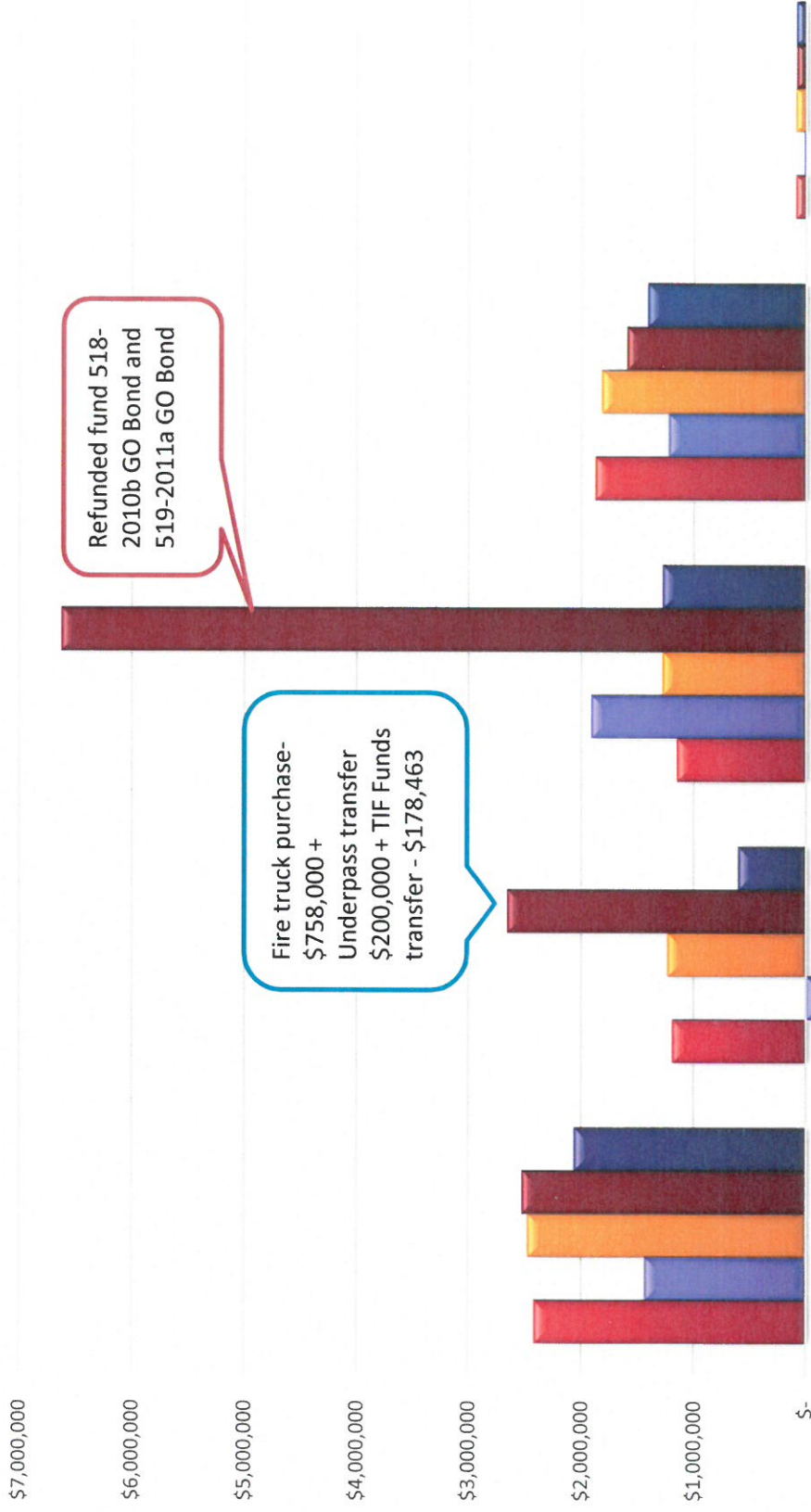
RECOMMENDATION:

No Recommendations at this time.

Revenues



Expenditures



\$(1,000,000)

	General	Capital	Debt	Enterprise	Special
2022 Budget	\$2,419,120	\$1,150,099	\$1,150,099	\$1,878,043	\$96,194
2021 YTD thru' Aug	\$1,438,308	\$(122,171)	\$1,914,012	\$1,226,906	\$22,922
2021 Budget	\$2,474,220	\$1,233,439	\$1,280,503	\$1,821,923	\$96,000
2020 Actual	\$2,526,011	\$2,654,367	\$6,626,588	\$1,597,619	\$88,487
2019 Actual	\$2,062,768	\$604,627	\$1,279,636	\$1,410,594	\$95,929

Allocation of Salaries
Based on Payroll

Position	41110	41300	41320	41400	41940	42200	43100	45200	46500	49400	49450	49500	49800
	Council	City Adm	Comm. Dev	City Clerk	Gen Govt Bldg	Fire	Public Wks	Parks	Econ Dev	Water	Sewer	Storm Water	Bus
Accounting Clerk	100%		10%	10%						40%	40%		
Administrator	100%	75%	15%						10%				
Bus Driver	100%												100%
Bus Driver	100%												100%
Bus Driver	100%												100%
Clerk-Treasurer	100%			90%						5%	5%		
Custodian	100%				100%								
Custodian	100%				100%								
Custodian	100%				100%								
Economic Dev Director	100%			10%					90%				
PS Director	100%						25%	25%		25%	25%		
PS Lead - Streets/Parks	100%						70%	25%				5%	
PS Lead - Utilities	100%									50%	50%		
PS Streets/Parks	100%						70%	25%				5%	
PS Streets/Parks	100%						70%	25%				5%	
PS Streets/Parks	100%						70%	25%				5%	
PS Utilities	100%									50%	50%		
Seasonal PS	100%							100%					
Seasonal PS	100%							100%					
Seasonal PS	100%							100%					
Seasonal PS	100%							100%					

Council	100%												
Council	100%												
Council	100%												
Council	100%												
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Position	41110	41300	41320	41400	41940	42200	43100	45200	46500	49400	49450	49500	49800
	Council	City Adm	Comm. Dev	City Clerk	Gen Govt Bldg	Fire	Public Wks	Parks	Econ Dev	Water	Sewer	Storm Water	Bus

[illegible]

		Levy			
		2022 Proposed	2021 Actual	2020 Actual	2019 Actual
General Property Tax Levy					
101 General		\$ 1,606,558	\$ 1,605,533	\$ 1,573,083	\$ 1,545,108
Subtotal General Levy		\$ 1,606,558	\$ 1,605,533	\$ 1,573,083	\$ 1,545,108
Debt Service Property Tax Levy					
501 2010 Infrastructure Debt Service		\$ -	\$ -	\$ 30,048	\$ 31,187
517 Public Project Lease Rev Bonds		\$ 141,013	\$ 148,943	\$ 146,318	\$ 148,418
518 G. O. Refunding Debt Service		\$ -	\$ -	\$ 128,889	\$ 254,787
519 2011a G O Refunding Debt Service		\$ -	\$ -	\$ 94,587	\$ 94,587
520 2013B Infrastructure Debt Service		\$ -	\$ 166,981	\$ 171,811	\$ 171,811
521 2016A G O Refunding Debt Service		\$ 144,592	\$ 144,592	\$ 146,902	\$ 149,212
522 2020 G O Bonds - Underpass Project		\$ 389,032	\$ 413,058	\$ 135,389	\$ -
601 Water fund 2010B G O Refunding		\$ -	\$ -	\$ 21,630	\$ 22,260
523 2021a G O Bond		\$ 70,772	\$ -	\$ -	\$ -
Subtotal Debt Service Levy		\$ 745,409	\$ 873,574	\$ 875,574	\$ 872,262
Capital Replacement Tax Levy					
275 Capital outlay reserve fund		\$ 642,200	\$ 538,000	\$ 487,000	\$ 184,800
498 Street Improvement Project fund		\$ 130,000			
Subtotal Capital Levy		\$ 772,200	\$ 538,000	\$ 487,000	\$ 184,800
EDA Tax Levy					
522 EDA Levy		\$ 63,282	\$ 60,140	\$ 55,916	\$ 51,272
Total EDA Levy		\$ 63,282	\$ 60,140	\$ 55,916	\$ 51,272
Total Taxes Levied/Proposed		\$ 3,187,449	\$ 3,077,247	\$ 2,991,573	\$ 2,653,442
General Tax Levy Increase (decrease)		0.06%	2.06%	1.81%	15.60%
Debt Levy Increase (decrease)		-14.67%	-0.23%	0.38%	2.20%
Capital Levy Increase (decrease)		43.53%	10.47%	163.53%	4.60%
EDA Increase (decrease)		5.22%	7.55%	9.06%	8.4
Total Levy Increase		3.58%	2.86%	12.74%	9.9

If the Street Improvement (fund 498) levy would have stayed in the General fund the increases would have been:

General	8.16%
Capital	19.37%