

**FINANCE COMMITTEE
COUNCIL ROOM, CITY HALL
OCTOBER 3, 2024
2:00 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 2024 budget revenues and expenditures report, including non-lapsing funds, for review.

The City Clerk presented the 2025 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 (Supplemental Aids) and transportation aids formulas. The various department request figures as presented (including the 2 ½% wage increase for non-union employees), were reviewed line by line. With the refinancing in 2016, the TIF District #2 Increment has repaid previous City Advances. With the refinancing, the TIF District #3 Increment is not large enough to cover the scheduled loan payments for 2025 – 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 2025 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	Up	\$ 720
	Special Assessments	-----	-0-
	Intergovernmental Revenues	Down	(54,663)
	Licenses and Permits	Up	1,971
	Fines, Forfeits, Penalties	Up	11,081
	Public Charges for Services	Down	(6,242)
	Intergovernmental Service Revenues	Up	5,330
	Miscellaneous Revenue	Up	25,175
	Other Financing Sources	Up	<u>7,861</u>
	Estimated decrease in revenues over previous year*		<u>\$ (8,767) (A)</u>

<u>Expenses:</u>	General Government	Up	\$ 33,499
	Public Safety	Up	104,039
	Public Works	Down	(82,535)
	Health and Human Services	Down	(2,186)
	Culture, Recreation, Education	Down	(20,680)
	Conservation and Development	Up	4,073
	Capital Outlay	----	-0-
	Debt Service	----	-0-
	Estimates increases in expenses over previous year**		<u>\$ 36,210</u> (B)

<u>Contingency:</u>			
***		Up	<u>8,206</u> (C)

Estimated 2023 General Funds Applied Rollover	\$ 402,445
Estimated 2024 Activities (A + B C)	<u>(53,183)</u>

Estimated 2025 General Funds Applied Rollover	<u>\$ 349,262</u>
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- * Increases: Transportation Aids (\$21,859), Building Permits (\$2,023), Court Fees (\$7,758), Parking Violations (\$3,323), Cemetery Revenue (\$3,747), Police Services (\$5,330), Interest Income (\$25,175), Water and Sewer Reimbursements (\$7,861)
- Decreases: Taxi Aids (\$76,348), Taxi Fares (\$3,721), Recreation Department Fees (\$6,596)
- ** Increases: Legal (\$40,000), City Hall Building (\$11,500), Property & Liability Insurance (\$7,615), Police Department Administration (\$71,872), Police Auto (\$32,332), Tree & Brush Removal (\$12,000), Cemetery (\$2,186), Planning (\$4,073)
- Decreases: Clerk-Treasurer (\$3,500), Elections (\$3,600), Hospital Insurance (\$18,000), Safety & Education (\$2,100), Building & Grounds (\$3,500), Curbs & Gutters (\$3,000), Street Cleaning (\$2,000), Snow & Ice Removal (\$16,021), Airport (\$2,300), Taxi Service (\$70,000), Parks (\$3,756), Recreation Department Administration (\$16,824)
- *** Increased as a result of budget increases for 2024

The City Clerk presented the 2024 Municipal Levy Limit Worksheet. Line 5 shows the State levy limit growth 0.00% plus terminated TID #2 growth 1.962% or \$21,310; Line 6 shows the City's net new construction increase of 2.624% or \$28,499 plus terminated TID #2 growth 1.962% or \$21,310 totaling \$49,809; Line 8 is the line showing the State law which replaced Code 2 Personal Property of local businesses (non-manufacturing) and the new repeal of all remaining Personal Property (\$9,113 + \$36,273) totaling \$45,386 which decreases our levy; When Line 6 (\$49,809) and Line 8 (\$-45,386) are netted together our allowable increase is \$4,423.

City Clerk Roehl stated that the City's levy is also reduced on Line 3 by the Cemetery Building loan payment (\$77,745), City Hall Building loan payment (\$62,199) and the Public Works Vehicles/Equipment loan payment (\$117,634) totaling \$257,578 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 2025 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 2025 budget expenditures and contingency funds applied for a total of \$3,923,322 which when compared to the 2024 budget of \$3,932,194 is a decrease of \$8,872 or -0.23%.

City Clerk Roehl added up all the proposed 2025 budget revenue lines and general funds applied for a total of \$2,455,099 which when compared to the 2024 budget of \$2,584,070 is a decrease of \$128,971 or 4.99%.

City Clerk Roehl stated that when you subtract the decrease in expenditures of \$8,872 from the decrease in revenues \$128,971 less the debt service adjustment difference of \$-0- (\$257,578-\$257,578) less the net new construction increase adjusted for the new Personal Property Aid \$4,423 (\$49,809-\$45,386) you end up with a net increase of \$120,099 or 8.91% which exceeds the State of Wisconsin Levy Limit.

City Clerk Roehl stated our 2024 Budget increased less than the Expenditure Restraint Program allowed, so we are qualified for a 2025 ERP Payment, resulting in a revenue increase of \$38,443. Our revenue proceeds otherwise would have only increased by \$167,414. The net effect is we would have been \$158,542 over the levy limit.

The Committee reviewed the 2024 Levy as proposed with the following options in mind:

- 1) Leave the 2024 Levy as proposed at \$1,468,223, an increase of \$133,635 over the 2023 Levy. This would be over the State's levy limit and the State would penalize us.
- 2) Equalized Value has increased \$7,630,000, or 4.4% from last year 2023 - \$173,410,600 to \$181,040,600, however the Levy cannot grow under the State's levy limit freeze, except for adjusting for net new construction (2.624% or \$28,499) plus terminated TIF #2 (1.962% or \$21,310) less the increase in Personal Property Aids (\$-36,273) netting an increase of \$13,536.
- 3) Hold to last year's Levy of \$1,334,588 plus adding the change in Debt Service of \$-0- (Line 9-\$257,578 subtract Line 3-\$257,578) adjusting for new construction of (\$28,499) plus terminated TIF #2 (\$21,310) less increase in Personal Property Aids (\$-36,273) netting an increase of \$13,536 or \$1,348,124 which requires cutting \$120,099 (\$1,468,223-\$1,348,124) from the 2025 budget proposals 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 \$1,334,588 plus adding the change in Debt Service of \$-0- (Line 9-\$257,578 subtract Line 3-\$257,578) or \$1,334,588. Which requires cutting \$133,635 (\$1,468,223-\$1,334,588) from the 2025 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 \$1,334,588 - 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, Continuing Appropriation Fund accounts and balances, funding sources and restrictions.

Motion Petkovsek, second Counsell, to proceed under Options #3 and #6 to make the following budget line request cuts and adjustments:

Need to cut			\$120,099
One-time increase in General Funds Applied			<u>- 49,738</u>
		Subtotal	\$ 70,361
34000-000 Contingency Adjustment			<u>- 1,716</u>
		Subtotal	\$ 68,645
<u>Account No.</u>	<u>Account</u>		
51300-210	Outside Counsel		<7,500>
51600-119	City Hall – Custodian	-130 hrs	<1,647>
51600-193	City Hall – Extra Help	- 50 hrs	<662>
51940-000	Claims Adjustments		<3,815>
51971-000	City Retirement Expense		<9,000>
51972-000	Social Security Expense		<8,000>
51973-130	Health Insurance Expense – Health		<14,000>
51973-131	Health Insurance Expense – Dental		<1,500>
51973-132	Health Insurance Expense – Deductible		<1,500>
52100-166	Police Department – Patrol Officer		<14,144>
52110-119	Police Station – Custodian	-288 hrs	<3,817>
55110-185	Library – Custodian	- 80 hrs	<1,060>
55110-810	Library – Equipment		<u><1,500></u>
			<u>\$ <0></u>

All Aye.

Discussion followed on the Expenditure Restraint Program (ERP) funding for 2025.

Motion Petkovsek, second Clough, to earmark the 2025 ERP funding of \$38,443 for Account No. 57330 Street Construction Outlay. All Aye.

Motion Rochester second Neville, to adjourn. All Aye.

Duane G. Poeschel, Mayor

Rex R. Roehl, Clerk