

**FINANCE COMMITTEE
COUNCIL ROOM
OCTOBER 9, 2017
5:30 P.M.**

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

The minutes of the previous meeting were declared approved.

The City Clerk presented the Third Quarter 2017 budget revenues and expenditures report, including non-lapsing funds, for review.

The City Clerk presented the 2018 budget workpapers for review by the Finance Committee for upcoming meetings. 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 and transportation aids formulas. The various department request figures as presented (as adjusted by the Personnel Committee recommendation for wages and the Finance Committee's consensus to increase the Chief of Police Salary to \$58,968 - \$2,808 or 5%), were reviewed line by line. With the refinancing in 2016, the TIF District #2 Increment will cover the scheduled loan payment and begin to repay previous City Advances. With the refinancing, the TIF District #3 Increment is not large enough to cover the scheduled loan payments for 2018 - under the Developer's Agreement, Boon is required to pay the difference.

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

GENERAL FUNDS APPLIED

<u>Revenues:</u>	Taxes	Down	\$ <2,736>
	Special Assessments		-0-
	Intergovernmental Revenues	Up	21,280
	Licenses and Permits	Up	310
	Fines, Forfeits, Penalties	Down	<6,186>
	Public Charges for Services	Down	<11,048>
	Intergovernmental Service Revenues	Down	<2,016>
	Miscellaneous Revenue	Up	4,315
	Other Financing Sources	Up	<u>9,610</u>
	Estimated increase in revenues over previous year*		<u>\$ 13,529 (A)</u>
<u>Expenses:</u>	General Government	Down	\$ 46,235
	Public Safety	Up	<59,401>
	Public Works	Up	<26,934>
	Health and Human Services	Up	<4,519>
	Culture, Recreation, Education	Up	<5,781>

Conservation and Development	Down	1,090	
Capital Outlay	Down	1,135	
Debt Service	-----	<u>-0-</u>	
Estimated increase in expenses over previous year**			<u>\$ <48,175> (B)</u>
<u>Contingency: ***</u>	Down	<u>767</u>	(C)
Estimated 2016 General Funds Applied Rollover		\$ 334,661	
Estimated 2017 Activities (A + B + C)		<u><33,879></u>	
Estimated 2018 General Funds Applied Rollover		<u>\$ 300,782</u>	

* Includes increases in Transit (Taxi) Aids (\$21,937), Sale of Assets (\$4,466) and Water & Sewer Expense Reimbursements (\$9,610) and decreases in Regulated Utility Taxes (\$2,199); Taxi Fare Revenue (\$12,906) and Police Court fines (\$7,321)

** Includes increases in Social Security (\$3,231), Police Administration (\$54,273), Police Auto (\$2,489) Fire Department (\$2,704), Public Works Machinery & Equipment (\$5,675), Curb & Gutter (\$11,781), Snow & Ice Removal (\$15,441), Cemetery (\$4,529), Parks (\$5,639) and decrease in Property & Liability Insurance (\$16,108), Workers Comp Insurance (\$6,234), Health Insurance (\$28,757) and Street Maintenance (\$5,963)

*** Decreased as a result of budget reduction for 2017

The City Clerk presented the 2017 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 0.194% or \$2,067 (this is the maximum allowable levy increase); Adjustments to Levy Limit: Line A shows unused levy from the previous year - \$1; Line E is an adjustment for Debt Service Levy for general obligation debt authorized after July 1, 2005 (the City can add its new debt service here - either the full payment of \$80,618 or an amount less than the 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, Stormwater Management) to be subtracted from the levy.

The City Clerk presented the Exempt Computer Aid notice. The 2017 Wisconsin Act 59 froze the Exempt Computer Aid at the 2017 payment level multiplied by a factor of 1.0147. For 2018 our Exempt Computer Aid is increased by \$58 to \$4,016.

The City Clerk presented a summary of budget expense changes from 2017 to 2018; a summary of revenue changes from 2017 to 2018; and a net amount needed to be cut from the 2018 budget proposals to meet the allowable levy limit amount as adjusted.

The City Clerk added up all the proposed 2018 budget expenditure lines and contingency funds applied for a total of \$3,703,354, which when compared to the 2017 budget of 3,391,097 is an increase of \$312,257 or 9.2%.

The City Clerk added up all the proposed 2018 budget revenue lines and general funds applied

for a total of \$2,353,489, which when compared to the 2017 budget of \$2,321,924 is an increase of \$31,565 or 1.4%.

The City Clerk stated that when the expenditures of \$3,703,354 and revenues of \$2,353,489 are netted together, you get a levy of \$1,349,865 (without TIF and Computer Aid), which when compared to the 2016 tax levy of \$1,065,215 (without TIF and Computer Aid) is an increase of \$284,650 or 26.7%, which exceeds the State of Wisconsin Levy Limit.

The Committee reviewed the 2018 budget proposals with the following options in mind:

1) Leave the 2017 Levy as proposed at \$1,349,865, an increase of \$280,634 over the 2016 Levy of \$1,065,215 (about +26.3%). This would be over the State's levy limit after exempt computer aid calculations by \$280,634 and the State would penalize us.

2) Equalized Value has increased \$3,949,300, or 3.1% from last year (2016 - \$125,689,100 to \$129,638,400), however the Levy cannot grow under the State's levy limit freeze, except for net new construction (0.194% or \$2,067 for 2017).

3) Hold to last year's Levy of \$1,065,215 by cutting \$280,634. This would be equal to the State's levy limit without net new construction.

4) Raise the 2017 Levy as proposed to the possible State levy limit of 0% plus net new construction growth (0.194% or \$2,067). This would require subtracting the difference of \$278,567 from the 2018 budget proposals.

5) Raise the 2017 Levy as proposed by the possible State levy limit of 0% plus net new construction growth (0.194% or \$2,067) plus the adjustment for carryover of previous year's unused levy limit of \$1. This would require subtracting the difference of \$278,567 from the 2018 budget proposals.

6) Raise the 2017 Levy as proposed by the possible State levy limit of 0% plus net new construction growth (0.194% or \$2,067) plus the adjustment for carryover of previous year's unused levy limit of \$1 and the City by 2/3 majority vote can authorize a Section D Line E Adjustment for Debt Service Levy for general obligation debt authorized after July 1, 2005. This would require subtracting the difference of \$197,949 from the 2018 budget proposals.

7) Reduce below last year's levy - how much?

8) Reduce somewhere in between the proposed 2017 Levy and last year's levy amount.

9) Reduce somewhere in between the proposed 2017 Levy and the State's levy limit amount as adjusted (current year + net new construction + carryover limit + Section D Line E Adjustment for Debt Service Levy).

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

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

12) Any combination of the above.

Discussion followed on the proposed levy increase reduced by net new construction allowable levy increase (\$2,067) and using the Section D, Line A Adjustment for the Previous Year's unused Levy Carryforward (\$1) and using the Section D, Line E Adjustment for Debt Service Levy (\$80,618); budget options; budget cuts; using ERP funding (\$32,825) for capital items; and the six-year average of street construction for highway aids formula calculations.

Motion Quicker, second Glassbrenner, to proceed under Options #6 and #10 and make the following budget line cuts and adjustments:

<u>Account No.</u>	<u>Account</u>	<u>Amount</u>
51540-215	Risk Management - Consultant	\$ <1,850>
51540-310	Risk Management - Supplies & Expenses	<150>
51930-280	Property & Liability Ins. - Spectrum	<2,000>
51930-281	Property & Liability Ins. - MPIC	<1,000>
51931-280	Workers Comp Ins. - Spectrum	<2,000>
51940-000	Claims Adjustments	<750>
51973-130	Hospital Insurance - Health	<10,675>
51973-131	Hospital Insurance - Dental	<1,250>
51973-132	Hospital Insurance - Deductibles	<12,750>
54910-350	Cemetery - Repairs & Maintenance	<2,150>
55340-813	Celebrations - Beautification	<1,000>
56500-000	Public Housing	<20>
56600-000	Urban Development	<2,038>
56700-900	Economic Development	<10,000>
57140-000	Public Buildings Outlay - Cemetery Shed	<40,000>
57320-000	Machinery & Equipment Outlay - Sweeper	<12,500>
57330-000	Street Construction Outlay - Willow Street	<31,800>
57333-000	Curbs & Gutters Outlay - Willow Street	<14,950>
57330-000	Airport Outlay	<u><1,000></u>
SUBTOTAL CUTS		<147,883>
34000-000	Contingency (2.5%)	<u><3,637></u>
TOTAL CUTS		<u><u>\$<151,520></u></u>
52100-160	Police Chief Salary	\$ 1,955
51971-000	Retirement	345
51972-000	Social Security	<u>150</u>
TOTAL ADDITIONS		<u><u>\$ 2,450</u></u>

All Aye.

Motion Neville, second Quicker, to increase the General Funds Applied by putting in an additional \$48,879; for Account No. 52100-191 Police Department - Overtime (\$33,879 - 2017 deficit) and the one time capital items: Account No. 57320-810 Machinery & Equipment Outlay - Street Sweeper (\$500), Account No. 54910-815 Vehicles - UTV ½ (\$7,250) and Account No. 55200-810 Equipment - UTV ½ (\$7,250). All Aye

Motion Clough, second Counsell, to earmark the 2018 ERP funding of \$32,825 for Account No. 57320-810 Machinery & Equipment Outlay - Street Sweeper (\$22,000) and Account No. 57333-000 Curbs and Gutters Outlay (\$10,825). All Aye.

Roehl reported that Cemetery Sexton/Parks Director Barth checked into the financing of the UTV through the dealerships - Kubota does not offer financing on municipal purchases; John Deere offers 7.6% for five years, but you give up the state municipal discount, which is not cost beneficial.

Discussion followed on the City Hall network server, we only have one server and no backup. The Bauernfeind IT technician has stated that we need to start thinking about a new server, our lease payments go through August, 2018 and the current server could become the backup. The current server had a cost of about \$19,000.

Roehl reported that the Election M100 Precinct Counter is outdated and the ES&S Company is talking about ending support of it in 2019. The current counter was purchased through Clark County and federal funding for \$6,000 in 2000. The company has been talking to County Clerk Chris Jensen so that when a change occurs, everyone is compatible with the equipment.

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

Steven J. Mabie, Mayor

Rex R. Roehl, Clerk