



Meeting: Village Board
Meeting Date: 11/26/2012
Agenda Item: 5a & 5b

Mission Statement

Delivering quality services in a courteous, cost-effective and efficient manner

VILLAGE BOARD MEETING STAFF REPORT

REPORT TO: Burt R. McIntyre, President, and Village Board of Trustees
REPORT FROM: Paul Evert, Village Administrator
AGENDA ITEM: 2013 Budget Public Hearing and Action on 2013 Budget

POLICY ISSUE

The Village Board is required to hold a public hearing on the budget prior to adoption of the budget. Does the Village Board desire to approve the 2013 Budget after holding the public hearing?

RECOMMENDED ACTION

The Proposed 2013 Budget has been completed by staff. The only change in the 2013 budget from the November 12, 2012 meeting is that the final manufacturing assessments were received from the state and resulted in a lower tax rate than previously reported. The overall budget reflects a commitment to improve core services and invest in the Village's infrastructure. The budget does increase the overall levy by 2.55% and increases the mill rate by 0.73%. Village staff recommends the board approve the attached proposed 2013 Budget after holding the public hearing and considering any input from citizens. An increase in the Public Fire Protection Fee also is recommended.

BACKGROUND INFORMATION

Howard provides its residents core services at very reasonable costs. By contracting for both police and EMS services, the Village is able to provide these services at well below the cost of the communities that provide these services in-house. In addition, the Fire Department only employs two employees on a full-time basis, while relying on day staffing during the week and volunteers at all times. The Village also contracts for assessing and legal services. Contrastingly, the Engineering Department handles a large range of work in-house and for many years has been able to put excess revenue into the capital fund. There are few municipalities that operate with this combination of contracted and in-house services, but this in fact has been a large part of the reason Howard has one of the lowest mill rates of a community its size in Wisconsin.

The other reason Howard has been able to keep its tax rate low has been the ability to avoid borrowing money on a regular basis. Many Wisconsin communities borrow money every year for street projects. Every year these communities pay off old debt and immediately incur new debt. These communities argue that items such as streets and fire trucks are large assets that will last many years, so why not pay for them over 10 to 20 years? The reason not to start doing this is simple: whenever debt is issued, there is interest expense, and although interest rates may be historically low, many of us can remember the high interest rates of the late 70s and even the fact that in 1990, the average interest rate on a home mortgage was above 7%. Howard has avoided the debt trap with a steady investment in infrastructure through the use of replacement funds, such as the Capital Improvement Project Fund and Capital Projects Fund. These funds have been evenly funded through the years, and the annual contribution to these funds increased during high growth periods.

The last four years have been very hard on municipal budgets with a combination of factors that really has never been seen before. State aid to municipalities has been significantly cut as state revenues have dropped. Interest income on municipal investments has dropped substantially, to the point where municipal investments often earn less than one-half of a percentage point annually. Building permits have decreased along with the revenue they bring in. And of course, the growth in the tax base has slowed, and new housing starts have dropped. In almost all instances, existing staff has been forced to wear many hats and do more with less, and in many ways the staff working at the Village has been able to find ways to get the jobs done.

The proposed budget attempts to stave off the need to borrow in the future. The tax levy that is directed into the Capital Improvement Project fund has been increased from \$641,600 to \$695,597 annually, providing almost \$50,000 more of funding for road resurfacing and crack sealing in 2013. The proposed budget also shows increasing road resurfacing by \$25,000 each in 2014, 2015, 2016 and 2017. Also included in the capital improvement projects budget is money to improve the Deerfield and Memorial boat ramps. The state is contributing \$52,000 towards the total cost of \$116,000. In addition a new sign in front of Village Hall is budgeted for next year from this fund. In the Capital Projects Fund a new warning siren is funded that will greatly increase the amount of the Village that has warning siren coverage. Replacing the boilers in Village Hall is also budgeted and will have about a 10-year pay back from reduced energy consumption, and LED lights for the Village Parking lot are being funded by a grant from Focus on Energy.

The other major changes in the proposed 2013 budget from last year are in the Fire Department. As has been discussed, the recommendation is to convert the service to a paid-on-call service and also add two hours a day to two shifts of the Monday thru Friday day shifts. To fund these changes the budget recommends transferring \$87,000 from the general fund for Public Fire Protection to all water utility and non-utility customers. Currently only water utility customers are charged a fee for Public Fire Protection. The current fee is \$4.76 monthly. If the transfer were made as recommended and all water and non-utility customers were charged the fee, it would increase the current monthly fee 18 cents to \$4.94 per month. If the Village Board only wants to include water utility customers the fee would increase by 94 cents to \$5.70 per month.

ATTACHMENTS

- i. Updated Summary Budget worksheet
- ii. Proposed 2013 Budget

VILLAGE OF HOWARD
SUMMARY BUDGET FOR YEAR BEGINNING JANUARY 1, 2013
General Fund, Debt Service Fund and Capital Projects Funds
With Comparative Data for 2012 and 2011

Fund, Source & Function Descriptions	2011 Actual	2012 Adopted Budget	Estimated Actual 2012	2013 Budget	Percent Change
GENERAL FUND REVENUES					
Beginning Fund Balance	\$2,724,907	\$3,015,914	\$3,015,914	3,072,214	1.87%
Taxes (Other Than Property Taxes)	332,746	366,700	410,700	392,100	6.93%
Intergovernmental	1,691,840	1,426,600	1,433,600	1,359,200	-4.72%
Licenses and Permits	384,467	404,600	426,900	426,700	5.46%
Fines and Forfeits	205,795	183,000	208,000	209,000	14.21%
Charges for Services	169,900	172,200	162,200	165,700	-3.77%
Miscellaneous	480,732	448,300	458,300	480,400	7.16%
Transfers in	-	14,000	-	-	
Total General Fund Resources	5,990,387	6,031,314	6,115,614	6,105,314	1.23%
GENERAL FUND EXPENDITURES					
General Government	834,261	896,350	875,350	846,350	-5.58%
Public Safety	2,515,080	2,620,000	2,620,000	2,613,000	-0.27%
Public Works	2,563,787	2,666,800	2,575,800	2,774,300	4.03%
Community Development	488,744	428,200	428,200	421,600	-1.54%
Fund transfers out	-	-	-	732,817	-
Ending Fund Balance	3,015,914	\$2,875,914	3,072,214	2,339,397	-18.66%
Total General Fund Allocations	9,417,786	9,487,264	9,571,564	9,727,464	2.53%
General Fund Property Tax Levy	\$3,427,399	\$3,455,950	\$3,455,950	\$3,622,150	4.81%
DEBT SERVICE FUND REVENUE					
Beginning Fund Balance	\$10,472	\$3,425	\$3,425	\$3,378	-1.37%
Miscellaneous Revenues	9,750	9,750	9,750	0	
Transfers in From Other Funds	827,770	1,046,505	1,046,505	1,693,112	61.79%
Total Debt Service Resources	847,992	1,059,680	1,059,680	1,696,490	60.09%
DEBT SERVICE EXPENDITURES					
Principal Retirement and Other Expenses	811,896	1,056,477	1,056,477	1,649,983	56.18%
Interest and Fiscal Charges	112,671	86,825	86,825	46,507	-46.44%
Ending Fund Balance	3,425	3,378	3,378	0	-100.00%
Total Debt Service Expenditures	927,992	1,146,680	1,146,680	1,696,490	47.95%
Debt Service Fund Property Tax Levy	\$80,000	\$87,000	\$87,000	\$0	
Capital Projects Property Tax Levy	\$880,000	\$928,600	\$928,600	\$963,597	3.77%
NECESSARY PROPERTY TAX LEVY	\$4,387,399	\$4,471,550	\$4,471,550	\$4,585,747	2.55%

	2012	2013	Change	Percentage
TAX LEVY (In Dollars)	\$4,471,550	\$4,585,747	\$114,197	2.55%
MILL RATE (In Dollars Per Thousand)	\$3.3060	\$3.3423	\$0.0363	1.10%

Note: The effect of rounding may result in different calculated amounts.

Originally Proposed