

BUDGET POLICIES - SUMMARY

Balanced Budget

For purposes of preparing the annual budget for the Village, a balanced budget refers to all revenues and beginning fund balances shall be equal to all expenditures plus ending fund balances. In most years, the revenues from all sources in the General Fund will be equal to all expenditures in the fund. Whenever revaluations occur or when funds are appropriated in one year and spent in a later year, then expenditures will exceed the revenues (when excluding the beginning and ending fund balances).

Budget Amendments

All budget amendments require Village Board approval with a two-thirds vote.

Fund Balance Reserve Policies

The General Fund policy for fund balance reserve was modified by the Village Board in 2009. The policy establishes the fund balance to be between 25-40% of the previous year's actual expenditures within the fund.

Debt Policies

The Village long-term borrowing is limited to capital improvements for new infrastructure. Short-term borrowing has not been utilized by the Village. All general obligation debt is limited by state statute to 5% of equalized valuation. New borrowing will only be allowed when a revenue source to pay for the borrowing is identified and utilized in order to limit tax rate growth, such as TIF's.

BENCHMARK COMPARISONS

2

All per capita information below is from the Wisconsin Taxpayer Alliances *MunicipalFacts09*

Municipality (All located in Wisconsin)	Direct Debt Per Capita	Basic Spending Per Capita	Property Tax Levies Per Capita
Howard	\$155.55	\$389.30	\$250.59
Ashwaubenon	\$620.18	\$610.03	\$555.82
Hobart	\$820.99	\$301.32	\$446.13
De Pere	\$1,246.36	\$454.64	\$432.28
Green Bay	\$1,385.25	\$596.20	\$492.99
Grafton	\$3,749.42	\$541.88	\$597.15
Cedarburg	\$653.69	\$536.83	\$653.29

CHANGES IN TOTAL ASSESSED VALUE & AVAILABLE INCREASE IN TAX LEVY

3

	Total Assessed Valuation	Total Equalized Valuation	Increase in Assessed Values	2010 Tax Rate Applied
				\$3.31
2001	833,867,200	820,893,500		
2002	887,053,700	927,493,100	53,186,500	\$176,047
2003	940,713,900	1,009,916,900	53,660,200	\$177,615
2004	1,086,602,600	1,079,209,100	145,888,700	<i>revaluation year</i>
2005	1,136,888,400	1,181,043,700	50,285,800	\$166,446
2006	1,181,131,660	1,296,020,200	44,243,260	\$146,445
2007	1,339,963,600	1,341,952,900	158,831,940	<i>revaluation year</i>
2008	1,362,675,700	1,395,675,400	22,712,100	\$75,177
2009	1,383,224,900	1,412,174,200	20,549,200	\$68,018
2010	1,391,327,668	1,381,526,100	8,102,768	\$26,820

2012 BUDGET

4

- State Budget Issues – Reducing \$3 billion deficit
- State reduced State Shared Revenues and State Transportation Aids to Municipalities
- **NO TAX INCREASE ALLOWED** – State mandates no tax levy increase by the Village in the 2012 budget. Only two exceptions: New growth and new debt

GENERAL FUND OVERVIEW

SUMMARY FOR 2012

□ **Property Tax Levy**

- The 2012 property tax levy cannot increase above the 2011 levy due to the state's new biennial budget allowing for tax levies to increase only by the amount of growth in the village. Estimating approximately \$20 million in growth (waiting for manufacturing assessments from state) allowing for approximately \$60,000 in increased tax levy.

□ **Changes in State Aids & Fund Balance Used in 2011 Budget**

- Intergovernmental aids from the State are anticipated to decrease by \$310,100 in 2012.
 - Shared revenue down \$204,300
 - Transportation aids decreasing by \$82,000
 - Recycling grants down \$23,800
- Starting 2012 **\$100,000 in the red** due to a application of fund balance in the 2011 budget.

GENERAL FUND OVERVIEW (CONTINUED)

6

- **Increases in Expenditures – existing contracts & estimates**
 - The Village has the following contracts that require increases in spending in 2012 (without renegotiations):
 - Brown County Sheriff – scheduled increase \$59,000
 - Garbage contract – scheduled increase \$22,100
 - Recycling contract – scheduled increase \$31,200
 - County Rescue contract – scheduled increase \$4,200 (offset by increased rental income – so no, net cost to the village).
 - Teamster Union Contracts – total increase \$52,600 (not all in the General Fund)
 - The Village estimates the following cost increases in 2012
 - Fuel costs – estimated to increase \$38,000
 - Utilities – estimated increases \$4,000
 - Garbage tonnage – estimated increase of \$18,000

GENERAL FUND OVERVIEW (CONTINUED)

7

□ **Decreases in Expenditures**

- The following list are decreases in spending to offset the cost increases noted on previous page:

Non-union employee pension contributions \$61,800(not all in the General Fund)

Elimination of one part-time position saving \$15,000 (not all in General Fund)

(Additional spending reductions will be discussed later)

Total General Fund net expenditure increase of \$162,000

Combining revenue loss and net expenditure increases the 2012 budget currently reports an increase in tax levy of \$409,000 (Levy increase can only be an estimated \$60,000)

POSSIBLE REMEDIES TO CURRENT SHORTFALL

□ **Public Fire Protection Fees Paid by General Fund**

- The General Fund pays \$397,000 in public fire protection fees to the Water Utility.
- Public Fire Protection Fees are a required revenue component of the Water Utility within the established Public Service Commission water rate fee structure
- Two ways of paying this fee: (1) **Direct billing** water customers (and possibly non-customers) (2) **Payment by the General Fund**
- In early 2000s, at the time of committing to obtain water from the Central Brown County Water Authority, as part of a water rate increase, water customers began paying direct billing of public fire protection. Today's fee is \$7.30 for typical customer (but fee increases based on size of meter used by customer). At that time, the Village's General Fund contribution was frozen at \$397,000.
- Any or all of the \$397,000 General Fund payment can be reallocated to the water customers (and non-customers). Reallocating all of this amount would increase a typical customer's monthly fee by \$4.20 and remove the expenditure from the General Fund.

POSSIBLE REMEDIES TO CURRENT SHORTFALL

9

□ **Create New Utilities**

- Garbage Utility, the cost saving from the general fund would be \$515,600.00
 - Currently there are 5,806 garbage carts in Howard
 - Cost per month would be \$7.40 per resident.

- Recycling Utility, the cost saving from the general fund would be \$325,700.00
 - Currently there are 5,806 garbage carts in Howard
 - Cost per month would be \$4.67 per resident.

□ **Spending Cuts for 2012**

- Laying off one street department employee
 - Saving the Village \$75,000.00 a year

□ **New Revenue Generators**

- Charge each participant in the HYSA program \$5.00/resident and \$10.00 nonresident.
 - 430 Howards residents participate in the HYSA baseball, softball program, this would generate \$2150.00/yr
 - 412 nonresidents play in the league. Mainly Suamico resident, they use Suamico fields for half the games so I am planning no revenue.
- Charge each participant in the Soccer program \$5.00/resident and \$10.00 nonresident.
 - Howard Suamico United Soccer youth league
 - 597 Howard residents participate, this would generate \$2,985.00
 - Suamico plays all there soccer games on Howard fields so there are 375 Suamico and 42 other nonresidents. This would generate \$4,170.00.
 - Howard Hurricanes competitive youth soccer
 - 345 participants play, we do not have the breakdown on residency so will assume residents and this would generate \$1,725.00.

- **New Revenue Generators Continued**
 - Increase Building permits for single family
 - Currently we charge \$475 for single family
 - Increase fee by \$475 for single family. Using an average of 50 new homes a year this would generate \$23,750.00
 - Are fee would be \$950.00 which is still the lowest in the area the closes to this is Suamico at \$1,080.00

- Total for all new proposed revenue would be about \$35,000.00
- Total for all cuts is \$75,000.00

GENERAL FUND

12

The General Fund balance policy was amended by the Village Board in 2009. The current policy indicates the Village will have between 25-40% of the prior year General Fund expenditures held in reserve. In 2010, we spent \$6,666,016 for General Fund Expenditures. Based on our policy, the Village would need to reserve between \$1,666,500 – \$2,666,400

The actual General Fund balance (unreserved) for FYE 2011 is:

\$2,66,400 (40.0%)