



VILLAGE OF HOWARD

BUDGET WORKSHOP

GENERAL FUND OVERVIEW



July 11, 2011 @ 6:30 p.m.

BUDGET POLICIES - SUMMARY

Balanced Budget

For purposes of preparing the annual budget for the Village, a balanced budget means 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 TIFs.

BENCHMARK COMPARISONS

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All per capita information below is from the Wisconsin Taxpayer Alliance's *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

BENCHMARK COMPARISONS

Village of Howard's 2010 Annual Financial Physical

Vital Signs	Government Measurement	Prior Yr.	Current Yr.	Brown Co. Rank	12.5k-17.5k* Pop. Rank	12.5k-17.5k* Median Metric
Weight	Bond Rating	AA	AA	N/A	N/A	N/A
Blood Pressure	Tax Rate (Equalized)	\$3.31	\$3.31	2nd	3rd	\$5.95
Cholesterol	Tax Levy Per Capita	\$268.89	\$250.59	2nd	2nd	\$483.00
Height	Basic Spending Per Capita	\$407.23	\$389.30	4th	2nd	\$506.00
Temperature	Net Police Per Capita	\$89.52	\$86.43	4th	3rd	\$213.00
Stress Test	Net Fire/Ambulance Per Capita	\$56.21	\$52.15	3rd	6th	\$112.00
Pulse	Debt Per Capita	\$217.99	\$155.55	1st	2nd	\$1,299.00
Blood Sugar	% of Tax Dollar Paid to Village	17.80%	17.60%	N/A	N/A	N/A

CHANGES IN TOTAL ASSESSED VALUE AND AVAILABLE INCREASE IN TAX LEVY

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	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

GENERAL FUND OVERVIEW

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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, which allows tax levies to increase only by the amount of growth in the village. That growth likely will be approximately \$20 million – pending the final manufacturing assessments from the state – and would allow for roughly a \$60,000 increase in tax levy.

- **Changes in State Aids and 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
 - The village will be starting 2012 **\$100,000 in the red** due to an application of fund balance in the 2011 budget.

GENERAL FUND OVERVIEW (CONTINUED)

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- **Increases in Expenditures – Existing contracts and 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 of \$4,000
 - Garbage tonnage – estimated increase of \$18,000

GENERAL FUND OVERVIEW (CONTINUED)

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□ **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 a typical customer, but the fee increases based on the size of the meter used by the 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 entire expenditure from the General Fund.

POSSIBLE REMEDIES TO CURRENT SHORTFALL

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□ **Create New Utilities**

- Garbage Utility – Cost savings from the general fund would be \$515,600
 - Currently there are 5,806 garbage carts in Howard
 - Cost per month would be \$7.40 per resident.

- Recycling Utility – Cost savings from the general fund would be \$325,700
 - 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
 - Savings of \$75,000 a year

POSSIBLE REMEDIES TO CURRENT SHORTFALL

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□ **New Revenue Generators**

- Charge each participant in the HYSA program a \$5 resident or \$10 nonresident fee
 - 430 Howard residents participate in the HYSA baseball and softball programs. Charging each resident participant a \$5 fee would generate \$2,150 per year.
 - 412 nonresidents, mostly from Suamico, play in the leagues. Since they use Suamico fields for half the games, there likely will be no revenue.
- Charge each participant in the Soccer program a \$5 resident and \$10 nonresident fee
 - Howard Suamico United Soccer youth league
 - 597 Howard residents participate, which would generate \$2,985
 - Suamico plays all soccer games on Howard fields. There are 375 Suamico and 42 other nonresidents. This would generate \$4,170.
 - Howard Hurricanes competitive youth soccer
 - 345 participants play, but we do not have the breakdown on residency. If we assume all are Howard residents, the fee would generate \$1,725.

POSSIBLE REMEDIES TO CURRENT SHORTFALL

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- **New Revenue Generators (continued)**
 - ▣ Increase Building Permits for single-family construction
 - Currently we charge \$475 for single-family
 - Increase the fee by \$475 for single family, so the total fee would be \$950
 - A \$950 permit fee would still be the lowest in the area. The next lowest is Suamico with a single-family permit fee of \$1,080.
 - Using an average of 50 new homes a year, the fee increase would generate \$23,750.

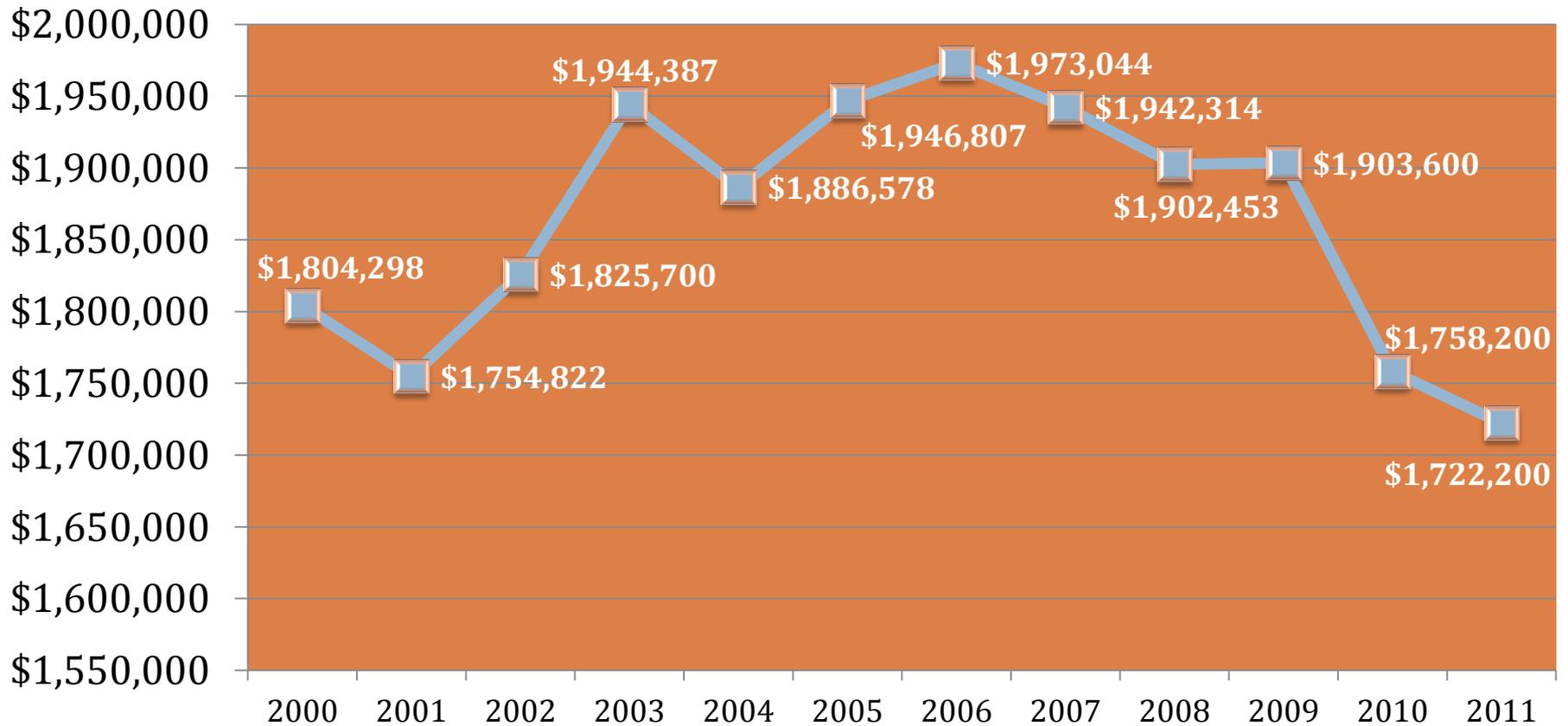
The total for all new proposed revenue would be about \$35,000.

The total for all proposed cuts is \$75,000.

TOTAL INTERGOVERNMENTAL REVENUE

2000 - 2011

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Intergovernmental revenues include state shared revenues, state transportation aids, recycling grants, etc.

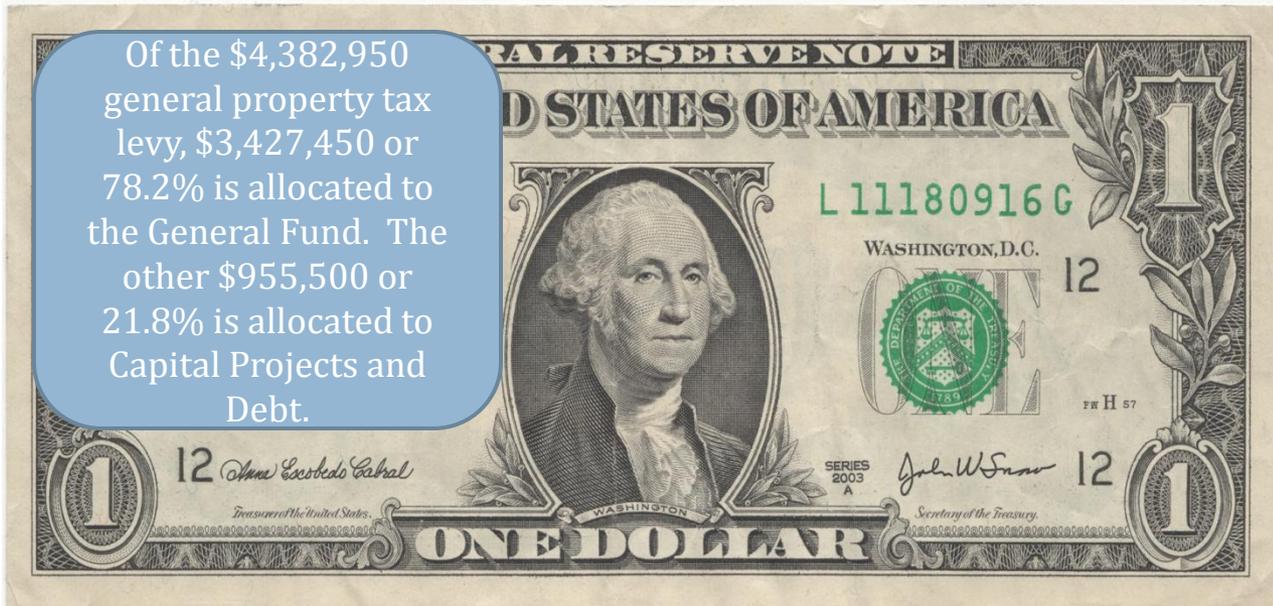
GENERAL FUND

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The General Fund budget is usually considered the most significant fund of the budget, since the General Fund allocates resources for the Village's daily operations. Divisions of the General Fund budget include (among others) MUNICIPAL COURT, GENERAL GOVERNMENT, POLICE, FIRE and EMERGENCY MEDICAL SERVICES, ATTORNEY, REFUSE and RECYCLING and PARKS.

Of the \$4,382,950 general property tax levy, \$3,427,450 or 78.2% is allocated to the General Fund. The other \$955,500 or 21.8% is allocated to Capital Projects and Debt.

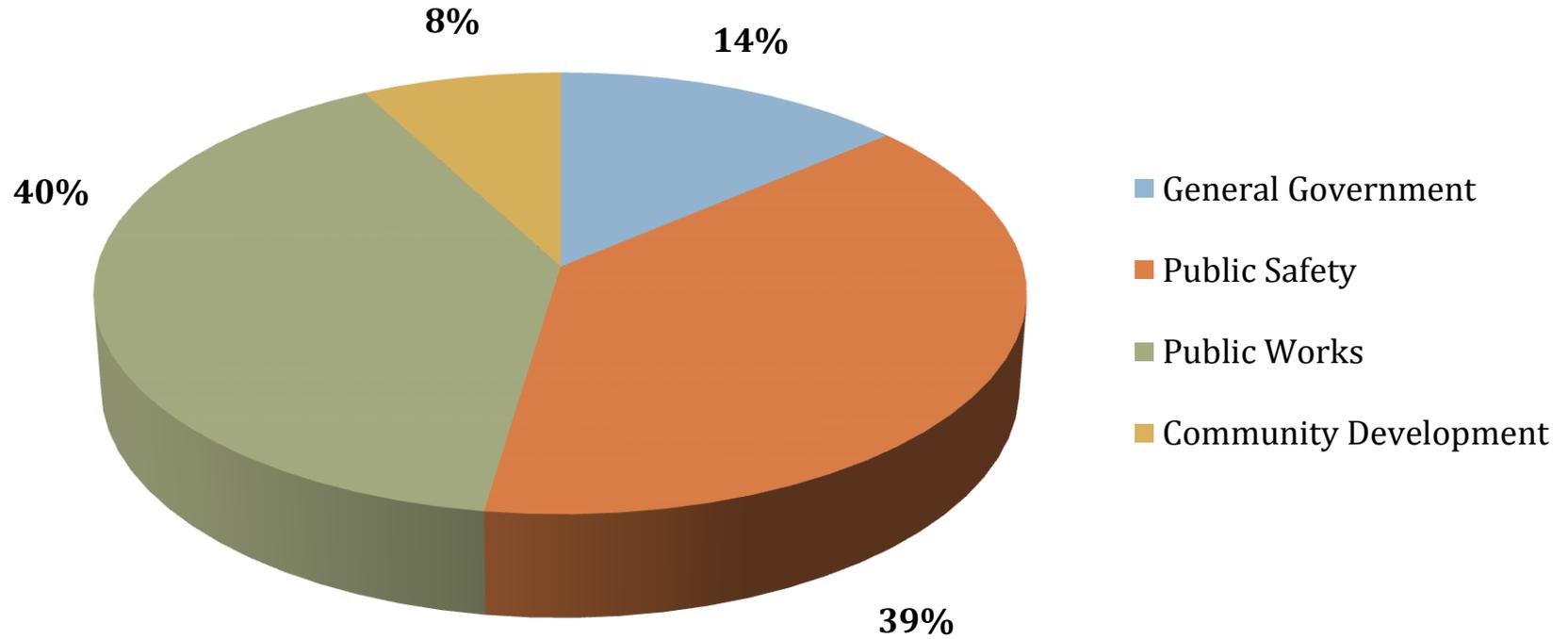
Note: A property taxpayer for a \$183,000 home pays **\$605.73** to the Village of Howard annually. Of that amount, **\$473.68** goes to the Village's General Fund.



EXPENDITURES BY FUNCTION

FISCAL YEAR 2011

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GENERAL FUND

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NOTEWORTHY BUDGETED EXPENDITURE CHANGES FOR 2012

- Salaries and wages **changes in 2011:**
 - **General Government:** Salary cost **decreased** \$13,600 (accounts for the reclassification of the Assistant Administrator and elimination of three part-time positions)
 - Benefits **decreased** by \$6,900.
- Garbage/recycling contract costs **increased** by \$16,800
- Police Services contract **increased** \$38,400
- Garbage tonnage (tipping fees) **increased** \$13,600
- Fuel costs **increased** by \$4,000
- Insurance costs **decreased** \$43,000 (liability, property, worker's comp)

GENERAL FUND

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The General Fund balance policy was amended by the Village Board in 2009. The current policy indicates the Village will have 25-40% of the prior year's General Fund expenditures held in reserve. In 2010, we budgeted \$6,637,850 for General Fund Expenditures*. Based on our policy, the Village would need to reserve between \$1,659,462 to \$2,655,140.

The estimated General Fund balance (unreserved) for FYE 2011 is \$2,807,655 (42.3%)

ISSUES TO DISCUSS

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Cost	Effect on Tax Rate
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Positions Eliminated or Modified:

3 Part-time positions (eliminated):

Admin. Secretary	\$ 16,640	\$0.012561
Leisure services 1/2 person	15,360	0.011595
Fire department secretary	16,146	0.012188

Assistant Administrator (modified to create Admin Asst)	16,190	0.012222
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Reduced Capital Outlay for equipment	23,000	0.017362
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Reduced Various Supply Accounts	42,900	0.032384
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Reduced Insurance Costs	43,000	0.032460
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Increased Contracted Services

Various existing contracts (excluding unions)	44,800	cannot reduce unless renegotiate
Comprehensive Plan	40,000	zero effect, using fund balance

Increased Funding for Fire Department Staff (offset by supply reduction)	12,000	0.009059
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Reduced Utility Costs (due to savings yielded)	21,000	0.015852
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Other items to discuss:

GIS on our website	6,000	0.0045293
TID Closures (TID #5 & #6)		

DEBT SERVICE

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Revenues & Other Sources:

Property Taxes

Special Assessments

Miscellaneous - Rents

TIF 2 Transfers In

Proceeds from debt

Total Revenues

Expenditures & Other Uses:

Principal Retirement

Payments to escrow agent

Refunding debt issuance costs

Interest and other costs

Total Expenditures

Excess Revenue & Other

Sources Over (Under)

Expenditures & Other Uses

Fund Balance - January 1

Fund Balance - December 31

	2007 Actual	2008 Actual	2009 Actual	2010 Est. Actual	2011 Budget
Property Taxes	\$ 390,000	\$ 310,000	\$ 300,000	\$ -	\$ 80,000
Special Assessments	-	-	-	-	-
Miscellaneous - Rents	29,617	20,425	32,060	-	9,700
TIF 2 Transfers In	2,084,046	1,042,962	2,262,180	731,260	827,770
Proceeds from debt	-	-	-	-	-
Total Revenues	2,503,663	1,373,387	2,594,240	731,260	917,470
Principal Retirement	2,175,000	1,205,000	2,420,000	620,000	811,900
Payments to escrow agent	-	-	-	-	-
Refunding debt issuance costs	-	-	-	-	-
Interest and other costs	310,902	238,320	199,600	111,260	112,670
Total Expenditures	2,485,902	1,443,320	2,619,600	731,260	924,570
Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses	17,761	(69,933)	(25,360)	-	(7,100)
Fund Balance - January 1	87,953	105,714	35,781	10,421	10,421
Fund Balance - December 31	\$105,714	\$35,781	\$10,421	\$10,421	\$3,321

SPECIAL REVENUE FUNDS

	2009 Actual	2010 Estimated Actual	2011 Budget
Total Revenue	1,610,920	1,562,399	1,182,800
Expenditures			
General government-administration	33,609	22,000	23,000
General government-loans made	130,000	225,000	375,000
Capital outlay	-	133,700	-
Total Expenditures	163,609	380,700	398,000
Excess of Revenues Over (Under) Expenditures	1,447,311	1,181,699	784,800
Other Financing Uses			
Operating transfers out	(2,262,180)	(1,331,260)	(1,077,770)
Excess of Revenues and Other Sources Over (Under) Exp. and Other Uses	(814,869)	(149,561)	(292,970)
Fund Balance - Jan. 1	2,866,062	751,193	601,632
Fund Balance - Dec. 31	\$2,051,193	\$601,632	\$308,662

GENERAL GOVERNMENT CAPITAL EQUIPMENT EXPENDITURES

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- General Gov't. Capital Expenditures: **\$15,000**
 - \$10,000 for Computers and Software
 - \$5,000 for Miscellaneous

PUBLIC SAFETY CAPITAL EQUIPMENT EXPENDITURES

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- **POLICE Capital Expenditures: \$49,400**
 - ▣ \$35,000 for One (1) DEO Squad Car
 - ▣ \$9,400 for Squad Car Computers
 - ▣ \$3,000 for Radar Gun
 - ▣ \$2,000 for Miscellaneous Equipment



- **FIRE Capital Expenditures: \$10,000**
 - ▣ \$10,000 for turnout gear and miscellaneous

PUBLIC WORKS CAPITAL EQUIPMENT EXPENDITURES

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- Public Works Capital Expenditures: **\$195,000**
 - ▣ \$195,000 for a dump truck with plow and wing salter

- Engineering Capital Expenditures: **\$3,000**
 - ▣ \$3,000 for Computers

CAPITAL IMPROVEMENT PROJECTS

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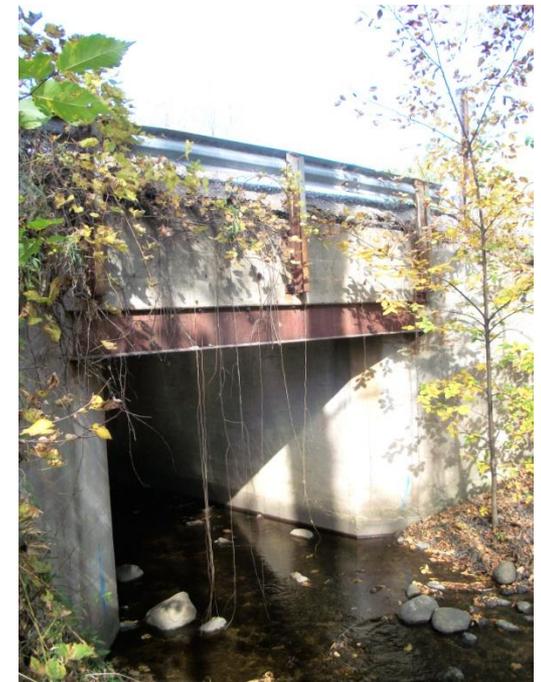
- Total 2012 CIP Costs: **\$808,000**
 - ▣ Resurfacing: \$400,000
 - ▣ Riverdale Avenue: \$88,000



CAPITAL IMPROVEMENT PROJECTS

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- Non-Road Projects
 - ▣ Engineering: \$160,000
 - ▣ Bridges: \$130,000 (Evergreen Avenue)
 - ▣ Payment to Developer: \$20,000
 - ▣ Replace Signs: \$10,000



CAPITAL IMPROVEMENT PROJECT FUND BALANCE

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- Fund Balance as of January 1, 2012:
- Projected December 31, 2012 Fund Balance: