

CITY OF
WATERLOO, WISCONSIN
2022 MUNICIPAL BUDGET
DELIBERATIONS
**Finance, Insurance &
Personnel Committee
Recommended Budget
-- Narrative --**

Mo Hansen, Clerk/Treasurer
November 12, 2021

THREE PROPERTY TAX EXAMPLES FOR 2021 TAXES PAYABLE IN 2022

Three Example Tax Bills (calculated without state credits, which reduce tax bills amounts).

3 Examples	COMING TAX BILL		PRIOR YEAR TAX BILL		% Change in Assessed Value of Property	\$ Change in Property Tax Amount (less state credits, which lowers this figure)	% Change in Tax Amount (not including state credits)
	2021 payable in 2022 Rate of Taxation (property tax rate per \$1,000 of assessed value)	Property Tax Amount (less state credits)	2020 payable in 2021 Rate of Taxation (property tax rate per \$1,000 of assessed value)	Property Tax Amount (less state credits)			
Example #1 25th PERCENTILE Current Assessed Value: \$137,500; Prior Assessed Value: \$110,400	\$20.31	\$2,781.88	\$27.34	\$2,806.19	23.6%	-\$24.31	-0.9%
Example #2 50th PERCENTILE Current Assessed Value: \$150,000; Prior Assessed Value: \$111,400	\$20.31	\$3,045.85	\$27.34	\$2,831.61	34.6%	\$214.24	7.6%
Example #3 75th PERCENTILE Current Assessed Value: \$253,500; Prior Assessed Value: \$177,700	\$20.31	\$5,148.57	\$27.34	\$4,516.85	42.7%	\$631.72	14.0%

SUMMARY (Finance, Insurance & Personnel Committee recommended budget)

- The Committee reviewed major department submittals line item by line item making over 96 budget modification motions.
- The municipal property tax levy as proposed is \$2,019,035, an increase of \$8,324 or 0.4% (this represents the non-Tax Incremental Finance tax levy).
- All Governmental Funds (defined as the total less Waterloo Utilities, which are proprietary funds) totals to \$7,011,968 in revenues and \$6,741,950 in expenditures.
- General Fund expenditures are decreased by 9.9% primarily due to the 2020 transfer of dollars from the General Fund To other funds, creating a one-time expenditure increase in the current year's expenditures figure. General Fund revenues of \$2,097,102 are projected to match General Fund expenses of the same amount.
- The Cable TV Fund budget of \$92,042 in expenditures contains expected revenues \$2,117 less than expenses with \$38,602 in existing fund balance accumulated over time being consumed in the 2022 budget year. The projected 12/31/2022 fund balance is projected to decrease from \$136,585 to \$95,866.
- The Fire/EMS Fund is budgeted to spend \$565,641, a 28.8% decrease from the prior

year. Tax revenue collected across the jurisdictions serviced by the Department (including the City) increased by a grand total of 3%.

- The proposed Parks Fund expenditures represent a decrease 6.9% from \$369,094 to \$343,485.
- The Debt Services Fund is slated for 2022 expenditures of \$757,738 compared to \$885,778 for 2021, a 14.5% decrease. In 2022 the City anticipates borrowing \$1,467,957 to fund capital expenses including the reconstruction of Jefferson and Leschinger streets. The first principal and interest payment for this new 2022 debt is deferred until 2023.
- The Capital Project Fund shows expenditures of \$2,183,926, an increase of

\$966,121 compared to the current year. The scope of work for road reconstructions has expanded compared to the 2020 Adams Street project.

- Tax Incremental Districts. Expenditures for District #2 are slated to decrease from \$204,076 to \$49,702, or 75.6%. Expenses for Tax Incremental District No. 3 are anticipated to increase 10.7% to \$105,715.
- 2022 Library Fund expenditures are budgeted to increase from \$400,490 to \$485,393, a 21.2% increase from the 2021 budget.
- Community Development Authority expenditures are budgeted to decrease from \$4,233 to \$3,553, or 16.1%.

BUDGET DELIBERATION PROCESS

On June 6, 2021 Mayor Quimby issued budget parameters for the process:

CAPITAL PLAN SUBMITTAL DUE DATE. Department Heads are to submit a capital plan for at least the 2022-2026 period on or before July 9, 2021 (more out-years are welcomed). The plan is to consist of revisions to the existing plan. Capital expenditures will be the primary early focus of the budget process.

COMPLETE BUDGET SUBMITTAL DUE DATE. All Department Heads are to submit a complete 2022 budget submittal on or before July 29, 2021 to the Clerk/Treasurer's Office using the miViewPoint budgeting tool and other means provided.

GENERAL FUND BUDGET PARAMETERS. For the Clerk/Treasurer's Office, Mayor Office, Police Department, Public Works Department -- and other parts of the General Fund -- 2022 operational budget submittals are to be at, or below, the 2021 expenditure figure. NOTE: Expense for wages & benefits are excluded from the above calculation.

PROPERTY TAX LEVY TARGET. The 2022 municipal property tax levy target is: \$2,009,429. This figure is the same as the 2021 tax levy.

WAGE RATE. The 2022 wage rate goal is for abide by contract levels for represented employees and for a 2% increase for non-represented employees.

GAS FUEL RATE FOR BUDGETING. The estimate of \$2.82 per gallon is to be used when calculating fuel purchase expenditures.

CONTRACTUAL OBLIGATIONS. Budget for contract items per the terms of the respective contract.

HEALTH INSURANCE BENEFIT. Submit budgets for health insurance benefits at the current year levels. Projected increases will be established as part of the overall deliberations.

The Finance, Insurance & Personnel Committee members (Alders Thomas, Kuhl and Rhynes) met in public session on August 24th, 26th & 31st and September 2nd, 9th, 16th along with October 4th, 19th & 21st. It reviewed department submittals, had a dialogue with department heads and received citizen input.

On October 21, 2021, the Committee recommended a 2022 budget for City Council consideration. A budget summary and public hearing notice was published in the official newspaper, the Courier, in October.

A public hearing is scheduled for November 16, 2021 at 7:00 pm in the Council Chambers. Council consideration will take place the same night. After a budget is approved, property tax bills will be prepared and mailed by mid-December.

MUNICIPAL FUNDS DESCRIBED

The General Fund (Fund 100) accounts for the bulk of municipal operations including legislative and general government, elections, property assessment, police administration & police patrol, building & zoning inspections & permit issuance, civil defense, public works and planning.

The General Fund along with the funds listed below represent the Governmental Funds maintained by the City of Waterloo.

Separate stand-alone funds exist to account for the specific revenues and expenditures of the following:

- 650 – To bring focus to contingency funding and the carrying over of funds from year-to-year an Assignment Fund will be created as part of the 2022 budget.
- 200 – CATV/WLOO Cable TV Stations. Charter cable television stations channels 991 and 992.
- 201-204 Four Impact Fee Funds. All activity in these Impact Fee funds was suspended by 2019 Council action therefore the 2022 budget for them is zero revenues and zero expenditures.
- 220 – Waterloo Fire Department Fund. Includes both operations and capital considerations for Waterloo Fire and Emergency Medical Services. The department serves the City of Waterloo and all, or a portion, of the Town of Waterloo, Town of Portland, Town of Shields and Town of Milford.
- 225 – Parks Special Revenue Fund. Includes all revenues & expenses for municipal parks, along with capital expenditure for parks.
- 300 – Debt Service Fund. Municipal debt excluding debt incurred by Waterloo Utilities.
- 400 – Capital Fund. Includes capital projects and equipment purchases for the departments in the General Fund.

- 402 – Special Assessment Fund. Maintains and tracks revenues and expenditures resulting from special assessment projects (typically sidewalk or other public infrastructure) approved by the City Council. Additionally, municipal loans to property owners for private lead service replacements are recorded and tracked in this fund.
- 412, 413, 414 – Tax Incremental Districts 2-4. These three funds maintain and track all new revenue (tax increment) and allowed expenditures for geographically distinct tax incremental finance districts created by the City Council. Each district has a statutory lifespan of approximately twenty-three years.
- 600 – Community Development Authority. The Waterloo Community Development Authority (CDA) is charged with blight elimination and economic development functions. This fund receives revenue from the rental of the Maunesha Business Center at 117 East Madison Street. Rental revenue is meant to cover recurring operational expenditures. The Waterloo City Band and the Waterloo-Marshall Food Pantry use the facility. No revenue is collected from the band or food pantry.
- 812 – Library Special Revenue Fund. Dedicated to the operations and facility care of the Karl Junginger Memorial Library.

Three City of Waterloo funds not covered here operate under the auspices of Waterloo Utilities (water, sewer and electric) represent the Proprietary Funds maintained by the City of Waterloo.

- Waterloo Utilities. The public utility owned by the City of Waterloo provides water, sewer and electric service within the City of Waterloo and water & sewer service to a portion of the Town of Portland. As part of its financial responsibilities, Waterloo Utilities maintains three separate funds to account for each of these services.

REVENUE HIGHLIGHTS

Municipal Vehicle Registration Fee. In September of 2021, the City Council voted unanimously to continue a \$15 per vehicle registration fee collected as part of the Wisconsin Department of Transportation vehicle registration process. The fee will generate an estimated \$49,000 annually which by state law would be dedicated to transportation improvements.

Municipal Borrowing. The budget calls for 2022 borrowing of \$1,467,957 to fund capital expenditures including the reconstruction of Jefferson Street and Leschinger Street. A first payment on these long-term debt proceeds will not be made until 2023.

State Aids.

- Shared Revenue. This aid is slated to decrease from \$453,258 to \$397,114.31 to account for the City exceeding Expenditure Restraint Program limitations. This is due to a prior year closure of tax incremental district #1. This aid figure should rebound back in 2023.
- State Computer Aid. This aid for 2022 totals to \$439,123. It is eligible to be spent in any fund. The proposed budget allocates \$150,000 of it to the Parks Department and \$287,441 to fund Capital Fund expenses, with a small residual in the General Fund.
- General Transportation Aid from the state is scheduled to be \$242,244.4.
- DNR Recycling Aid is projected to remain at \$12,379.

Facility Charge by General Fund to Cable TV Fund. The proposed budget maintains an annual transfer from the Cable TV Fund (200) to the General Fund (100) covering the cost of cable station utilities and other facility expenses at \$4,200.

EXPENDITURE HIGHLIGHTS

- Employee Wages. The Finance, Insurance & Personnel Committee is recommending the following:

- Two percent wage increases for non-represented employees.
- Employees covered under the collective bargaining agreement (Police Patrol officers) receive a 1.5% increase per the terms of the three-year contract approved in 2020.

The City offers employees a health insurance benefit program administered through the State of Wisconsin Department of Employee Trust Funds. The employer pays 88% of the average premium costs of qualified Tier 1 health plans within Jefferson County. The formula resulted in a lower employer (municipal) cost for providing this benefit in 2022.

- Liability Insurance, Property Insurance and Worker's Compensation Insurance. Amounts vary across departments but in the aggregate insurance premiums for liability, property and worker's compensation are not expected to increase, with the exception of cyber insurance. 2022 renewal information is pending. Budgetary figures for this category of expense are based on projections from the prior year.

Economic Development. Tax Incremental Districts #2 & #4 each contribute \$22,000 to fund professional services in the calendar year. \$25,000 of the Clerk/Treasurer's salary is an expense for Tax Incremental District No. 2.

ADDITIONAL HIGHLIGHTS – BY FUND AND DEPARTMENTS

- Waterloo Fire Department (220). In the aggregate, the revenue tax share from each of the municipalities served (City of Waterloo, Town of Waterloo, Town of Portland, Town of Milford and Town of Shields) increased 3%, or \$13,668 to a new total of \$469,282. The distribution of the respective shares changed slightly due to changes in the equalized value of property. For the 2022 budget the City of Waterloo tax share increases from \$279,464, to \$284,663, a 1.86% increase.

The Department has two full-time employees and more than thirty paid volunteers.

The Department annually sets-aside dollars for major purchases. For 2022, existing fund balance of \$54,000 will be applied leading to total revenues greater than expenditures of \$108,141 for the year.

- Parks Department – Revenue Fund (225). It is anticipated that this fund will begin the budget year with a fund balance deficit of \$30,052. During budget year 2022 revenues are projected to exceed expense by \$17,425. Major revenue sources for this department are budgeted as follows:

- State Computer Aid: \$150,000

- Municipal property taxes, \$105,010;
- Alcohol sales, \$45,000;
- Park rentals, \$35,500

The Department has a full-time Parks Coordinator and seasonal bartenders.

- Debt Service (300). Governmental fund debt service (non-Utility) is budgeted to pay principal & interest of \$757,738. Revenue is transferred from tax incremental finance districts to this fund to specifically cover debt service incurred by the respective Districts. Taxes are levied to specifically cover debt service for capital projects.

- Capital Projects (400). The proposed budget allocates \$287,441 in State Computer Aid and \$0 (zero) in tax levy to fund projects to this fund. All General Transportation Aid, \$242,244 and Wheel Tax, \$49,000 are also dedicated to funding capital projects.

Reconstruction of Jefferson and Leschinger streets is the lead projected expense, estimated at over \$1.5 million for construction and \$139,125 in engineering and contingency expense. These figures do not include Waterloo Utilities Adams Street project expenses.

Please see the Capital Improvement Program report for project details.

- Special Assessment Fund (402). This fund tracks special assessments and lead loan program loans. No new special assessments are anticipated.

- Tax Incremental District #2 (412). Revenue of \$200,434 is generated from tax increment and fees paid in lieu of taxes from the assisted living project and 575 West Madison Street project (the assisted living facility and the Waterloo Tech Center). Top two expenditures consist of payments for economic development services, \$22,000; and a portion of the Clerk/Treasurer's salary, \$25,000.

- Tax Incremental District #3 (413). \$110,598 in revenue and \$105,718 in expense are projected, adding modestly to the fund balance. Expenditures are primarily for debt service, \$101,567. Identifying and facilitating a future private re-use at 333 Portland Road is a primary District #3 objective.

- Tax Incremental District #4 (414). Due to the construction of the Dollar General Building located in this district, 2022 tax increment revenue is projected at \$28,120. The primary expenditure is fund to \$22,000 of economic development services.

- Community Development Authority District #1 (600). Projected revenue consists of tax levy and building rental fees. Expenditures are focused on operation of the Mauneshia Business Center at 117 East Madison.

- Karl Junginger Memorial Library (812). The municipal contribution to this fund increased from \$208,254 to \$210,500. With planned library capital improvements budgeted at \$103,000, this fund is depleting its existing fund balance in that amount.

DISCLAIMER

The full budget detail, associated summaries and this narrative represent the full budget resolution going

before the City Council for consideration. All documents are posted on the municipal website (www.waterloowi.us).