

TO: FINANCE INSURANCE & PERSONNEL COMMITTEE
FROM: CLERK/TREASURER
SUBJECT: 2020-2025 BUDGET START – COMPARING & CONTRASTING 2019 WITH 2020
DATE: JUNE 20, 2019

2020-2025 BUDGET START – COMPARING & CONTRASTING 2019 WITH 2020

A. THE STARTING POINT – 2019

We are generally on track for 2019 expenditures. Each month a Treasurer's report is published documenting how each fund and each department within each fund is doing.

Excluding three Waterloo Utilities funds (water, sewer and electric) the net fund balance is projected to go from +\$1,799,405 as of 1/1/2019 to +1,327,737 as of 12/31/2019, a reduction in fund balance of \$471,668. Maintaining a satisfactory fund balance across all funds should be a major budget deliberation consideration.

Please review these summary points referring to the page two table for greater detail.

1. **GENERAL FUND.** Per audit report the General Fund is at low point in terms of desired fund balance.
2. **IMPACT FEES.** My recommendation is to rescind impact fees, meaning these funds with modest fund balances would be spent to zero as qualifying project came about.
3. **FIRE DEPARTMENT.** WFD (Fund Balance of +\$814,335) is planning for a major apparatus replacement.
4. **PARKS DEPARTMENT.** Parks is projected for a year end fund deficit (-\$63,843) If Parks has 2019 revenue equaling expenses the fund deficit will be (-\$49,197).
5. **DEBT SERVICE.** We try not to carry a debt service fund balance and none will likely exist at 2019 year end.
6. **CAPITAL PROJECT FUND.** The Capital Project Fund is projects a balance with most of it reserved for specific uses.
7. **SPECIAL ASSESSMENTS.** The Special Assessment Fund is projects a balance (+\$38,772) that should be transferred to the Capital Fund to compensate that fund for prior year sidewalk improvement expenses.
8. **TAX INCREMENTAL FINANCE.** We will fully document that Districts 1-4 will be self-sustaining going forward. Some work related to structure of debt and transfers from TID #1 to TID #2 will be necessary.
9. **COMMUNITY DEVELOPMENT AUTHORITY.** This fund has historically struggled due to the lack of tax levy dollars.
10. **WATERLOO UTILITIES.** These funds (water, sewer and electric) are important and deserve close scrutiny, but are not covered in this memo.

CITY OF WATERLOO - 2019 PROPOSED BUDGET
All Governmental and Proprietary Funds Combined

	Estimated Fund Balance January 1	Total Revenues	Total Expenditures	Estimated Change In Fund Balance	Transfer From Fund Balance	Transfer To Fund Balance	Budget Balancing	Fund Balance December 31	Property Tax Contribution
100 General Fund	\$ 1,191,629	\$ 1,890,456	\$ 1,890,456	\$ (0)	\$ -	\$ -	\$ (0)	\$ 1,191,629	\$ 832,879
200 Cable TV Fund	177,034	46,004	77,970	(31,966)	31,966	-	0	145,068	-
201 Stormwater Impact Fee Fund	251	2,000	-	2,000	-	-	2,000	2,251	-
202 Public Works Impact Fee Fund	252	2,000	-	2,000	-	-	2,000	2,252	-
203 Park & Recreation Impact Fee Fund	252	2,000	-	2,000	-	-	2,000	2,252	-
204 Sanitary Sewer Impact Fee Fund	253	2,000	-	2,000	-	-	2,000	2,253	-
205 Water Impact Fee Fund	253	2,000	-	2,000	-	-	2,000	2,253	-
220 Waterloo Fire & EMS Dept. Fund	704,334	590,048	480,047	110,001	-	110,000	1	814,335	271,917
225 Special Revenue Fund - Parks	(49,197)	223,280	237,926	(14,646)	16,780	-	2,134	(63,843)	84,000
300 Debt Service Fund	9,578	1,009,595	1,018,595	(9,000)	9,000	-	-	578	456,920
400 Capital Projects Fund	796,309	838,743	1,597,883	(759,140)	160,000	-	(599,140)	37,169	140,000
402 Special Assessments	37,772	1,000	-	1,000	-	-	1,000	38,772	-
410 TIF District No. 1 Fund	(315,176)	614,239	121,293	492,946	-	-	492,946	177,770	196,000
412 TIF District No. 2 Fund	(753,391)	199,800	114,300	85,500	-	-	85,500	(667,891)	60,894
413 TIF District No. 3 Fund	(332,023)	31,416	387,190	(355,774)	-	-	(355,774)	(687,797)	31,104
414 TIF District No. 4 Fund	13,443	22,236	1,425	20,811	-	-	20,811	34,254	22,007
600 Community Development Authority	1,905	27,200	27,200	-	-	-	-	1,905	-
812 Special Revenue Fund - Library	315,927	376,056	397,456	(21,400)	-	-	(21,400)	294,527	200,000
Audit Water & Light Utility Proprietary Fund	8,713,191	5,739,169	5,432,054	307,115	-	-	307,115	9,020,306	-
TOTALS	\$ 10,512,596	\$ 11,619,242	\$ 11,783,795	\$ (164,553)	\$ 217,746	\$ 110,000	\$ (56,807)	\$ 10,348,043	\$ 2,295,721

NOTES:

(1) No Discontinued Activity affecting levy

Published: The Courier, October 18, 2018

B WHAT CHANGES IN 2020 AND BEYOND?

Known changes? TID #1 closure and debt service.

REVENUE ALL FUNDS (NON-TID)

REVENUE ITEMS	2019	2020	Net Change	NOTES
Property Tax Contribution (non TID)	\$2,295,721	\$2,295,721	\$0	Partial value for Ab E Manufacturing (one project) accounts for roughly 75% of new property value. This value is confined to TID #3
Property Tax Contribution (from closed TID #1)	\$0	\$75,656	\$75,656	38.6% of TID #1 increment permanently reallocated across taxing jurisdictions
Payment In Lieu Taxes (PILOT) -Electric	\$136,845	\$138,845	\$2,000	(Est.) Per Council action, Joy's estimate; actual milrate affects equation
Payment In Lieu Taxes (PILOT) -Water	\$127,464	\$127,464	\$0	(Est.) Per Council action; actual milrate affects equation
State Shared Revenue (not including Expenditure Restraint Program)	\$196,781	\$196,781	\$0	dependent upon state budget outcome
Expenditure Restraint Program	\$66,599	\$66,599	\$0	Due to TID #1 closure 2021 revenue is \$0.00
State Computer Aid (Non-TID)	\$3,067	\$421,306	\$418,239	state determined revenue source
State Highway Aid	\$227,743	\$227,743	\$0	dependent upon state budget outcome; this revenue has been devoted to Capital Fund road projects
Municipal Vehicle Registration Fee	\$45,000	\$45,000	\$0	2020 dependent upon Council action
Edison/Franklin Debt Proceeds	\$523,000	\$0	-\$523,000	No new 2020 debt in the plan
NET CHANGE REV.	\$3,622,220	\$3,595,115	-\$27,105	

EXPENDITURES ALL FUNDS (NON-TID)

EXPENDITURE ITEMS	2019	2020	Net Change	NOTES
Clerk/Treas partial salary from TID 1 to General Fund	\$0	(\$24,994)	-\$24,994	A portion of CT salary was paid out of TID #1.
Edison/Franklin Debt Service - Interest	(\$5,654)	(\$3,897)	\$1,757	Short-term debt retired by 12/31/2020
Edison/Franklin Debt Service - Principle	(\$130,750)	(\$392,250)	-\$261,500	Short-term debt retired by 12/31/2020
Debt Service (all other Non-TID) - Interest	(\$38,925)	(\$25,275)	\$13,650	Long-term debt extending out to retired in 2022
Debt Service (all other Non-TID) - Principle	(\$426,996)	(\$265,000)	\$161,996	Long-term debt extending out to retired in 2022
NET CHANGE EXP.	-\$602,324	-\$711,416	-\$109,092	

C. GLANCE AHEAD ON DEBT

The table below shows outstanding debt service just for (non-Utility, non-TID) debt issuances. Each year more and more dollars dedicated toward interest for decades is freed up to directly fund projects.

City of Waterloo										
Summary of Outstanding Debt										
For the Year Ended										
	2019 Street and Utility Improvements				General			Capital Project		
	2019 Bank of Sun Prairie				2010 GO Refunding Bonds			2009 Board of Commissioners of Public Lands		
	1-Jul 31-Dec	1-Jul 31-Dec			1-Aug	1-Feb 1-Aug		15-Mar	15-Mar	
Year	Principal	Interest	Total P&I		Principal	Interest	Total P&I	Principal	Interest	Total P&I
2019		881.81	881.81		-	16,200.00	16,200.00			
2019	130,750.00	4,771.72	135,521.72		285,000.00	16,200.00	301,200.00	144,995.36	6,524.79	151,520.15
2020	261,500.00	30,229.44	291,729.44		-	12,637.50	12,637.50			
2020	130,750.00	867.58	131,617.58		265,000.00	12,637.50	277,637.50			
2021					-	9,192.50	9,192.50			
2021					320,000.00	9,192.50	329,192.50			
2022					-	4,712.50	4,712.50			
2022					325,000.00	4,712.50	329,712.50			

D. GLANCE AHEAD ON CAPITAL PROJECTS How might dollars be dedicated going forward for Capital Projects (roads, vehicle, major facility modifications, etc...)?

		Annual Projected
General Transportation Aids		\$227,000
Municipal Vehicle Reg Fee		\$45,000
SUBTOTAL		\$272,000
Percentage of Tax Levy	\$2,295,721	
	10%	\$229,572
	12%	\$275,487
	15%	\$344,358
TOTAL		\$616,358