

CITY OF
WATERLOO, WISCONSIN
2017 MUNICIPAL BUDGET
DELIBERATIONS
BUDGET NARRATIVE

November 17, 2016

Mo Hansen, Clerk/Treasurer

PROCESS

Municipal departments submitted future year budget requests in mid-September. The Finance, Insurance & Personnel Committee held multiple public meetings with municipal department heads and citizens. A budget summary was published on the municipal website on and in the official newspaper, the Courier. A public hearing is slated for November 17th, with Council consideration the same night. Tax bills will be printed and

mailed by mid-December.

REVENUE

State levy limits are the primary control on how much the municipality may tax in the form of real estate property tax and personal property tax. For the 2017 budget year the levy limit formula -- based upon net new construction and other prescribed factors -- allows for a 0.99% increase. The municipal tax levy is set at this level of increase.

The budget document anticipates 2017 General Fund revenue to drop by 18.54%. Revenue for state general transportation aid has been shifted to the Capital Fund; revenue contributing to library services have been shifted to a new Library Fund.

Permits fees are expected to drop due to waivers granted by the City Council for new home construction. State aid in the form of Shared Revenue is down 2.98%. State recycling aid dropped 5.35%.

WLOO Cable TV station revenue (a 5% fee on Charter Communications cable TV subscribers) is expected to increase 63.48% due to the application of existing fund balance.

The tax contribution to the Waterloo Fire Department was increased by 11.66%. Averaged across all jurisdictions served by the Department, the increase in tax support totaled 10%.

The tax contribution to Waterloo Parks was set at \$52,750 which is 5% less than the 2016 amount. Waterloo Parks will be seeking a sum of \$26,200 in donations, and has budgeted for alcohol sales to be \$37,500.

If the program isn't eliminated, \$9,039 will be received from the US Treasury Department as part of the Build America Bonds program which discounts municipal debt incurred during the Great Recession period.

The Library is the most diversely funded department. In addition to municipal and county revenue sources operating and capital expenses are offset with revenue from two recurring private sources. In 2017 it is receiving \$40,000 from the Evelyn Kading Clark Trust and \$43,935 from the Karl Junginger Foundation.

TAX LEVY

The municipal property tax is just one component of the property tax bill sent each December. The county, school district, Madison College and the state set rates independent of the municipal deliberations. These are all part of the annual property tax bill.

BORROWED FUNDS

No borrowing for non-Tax Incremental Finance purposes has taken place in the City of Waterloo since 2009. None is anticipated. As a matter of policy directed by Mayor Thompson, self-sufficient, self-funding tax incremental finance projects may be considered with the condition that no tax levy would be devoted to future principal and interest. Because of expenses for the reconstruction of State Highway 19, all of the existing tax incremental finance fund balance will be spent with a negative fund balance being made positive by 2018 increment dollars.

EXPENDITURES – GENERAL FUND

The General Fund includes most municipal operations including general government, police, and public works. It does not include, the Parks, Library, Cable TV stations, Waterloo Water & Light, Impact Fees, Waterloo Fire/EMS, Capital Projects, Debt Service, Special Assessments, Tax Incremental Districts 1-4, and the Economic Development Authority.

- State Expenditure Restraint Program

In order to qualify for state Expenditure Restraint Program payments, library funding & expense traditionally taking place in the General Fund budget are transferred to a stand-alone library fund.

- Wage Rates

The Finance, Insurance & Personnel Committee is recommending a zero percent increase in wages for most non-represented personnel. The police contract calls for a 1.5% increase. Select library staff receive a 3% increase. Full-time employees of the Fire Department receive a 4% increase. The total number of hours of part-time employment for the CATV station director was also increase.

- Shifting Expenses To Tax Incremental District #1

\$22,000 of the Clerk/Treasurer's salary was shifted from the General Fund to TID #1.

For more information about the General Fund, please see the summary by category and summary by department reports online or available in the Clerk/Treasurer's office.

REVENUES AND EXPENDITURES - OTHER FUNDS – items of note

1. WATERLOO WATER & LIGHT

This fund is classified as a proprietary fund. Information submitted by Waterloo Water & Light indicates \$5,567,347 in revenues and \$5,400,050 in expenses for funds covering water, sewer and electric services.

2. WATERLOO FIRE & EMS (220)

All Fire & EMS revenues and expenditures are contained in a separate, segregated fund. The City of Waterloo municipal tax share, or appropriation, increased from \$243,931 to \$269,464 an 11.66% increase. Expenses exceed revenue for this fund by \$30,728.

3. PARKS (225)

Additional cleaning staff is part of the 2017 budget for Parks. The Parks Coordinator compensation shifts from a base of \$30,000 and an incentive bonus to \$47,500.

4. DEBT SERVICE (300)

Total 2017 principle and interest payments on municipal debt (excluding Utility) is \$474,440 a reduction from the 2016 level of \$670,025.

The portion of the debt requiring levy dollars has declined from \$493,367 in 2013 to \$95,000 in 2017. This figure has dropped due to an adherence to a limited or no borrowing policy.

5. CAPITAL PROJECTS (400)

The major 2017 project is the reconstruction of State Highway 19, which is all funded using Tax Incremental District #1 fund balance.

Additional revenue is allocated to road work for West Porter Street and other project. Please see the one-page summary found in the Capital Fund section of the detail for a listing.

6. TAX INCREMENT DISTRICTS 1-4

2017 expected expenditures include reconstruction of State Highway 19, payment for debt service and the downtown façade grant program. Additionally District #3 will incur expense for work on remedying a blighted property at 333 Portland Road.

7. COMMUNITY DEVELOPMENT AUTHORITY (CDA)

This fund receives revenue from the rental of the Maunsha Business Center at 117 East Madison Street. The CDA is seeking grant funding for improvements to 203 East Madison Street, one grant has been award. Expenditures include all building expenses at 117 East Madison Street which benefits renters, the Waterloo City Band and the Waterloo-Marshall Food Pantry. Additionally, the CDA is implementing concepts from the Waterloo Economic Development Strategic Plan.