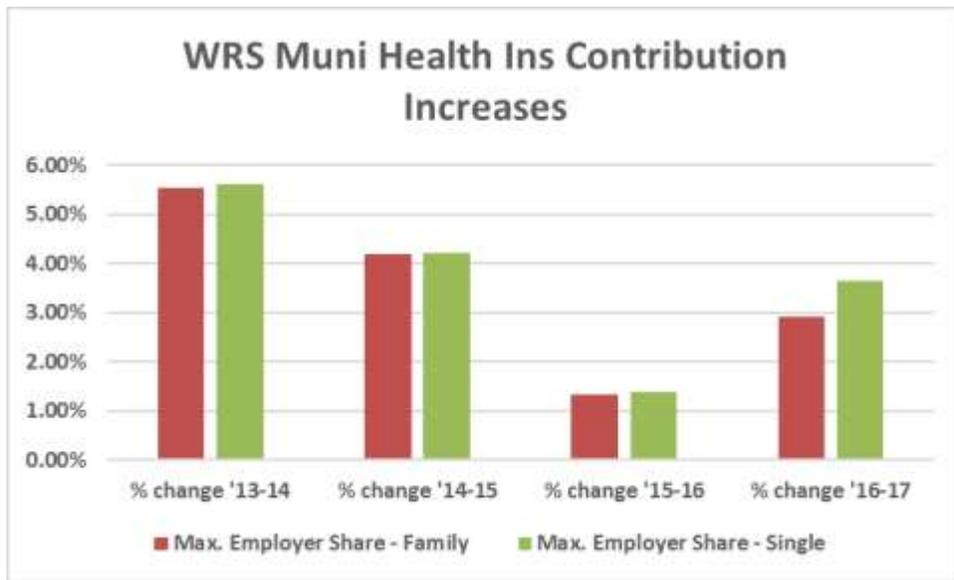


**TO:** MAYOR THOMPSON AND FINANCE, INSURANCE & PERSONNEL COMMITTEE  
**FROM:** CLERK/TREASURER  
**SUBJECT:** 2018 BUDGET- CONSTRAINTS & OPPORTUNITIES  
**DATE:** WEDNESDAY, AUGUST 16, 2017

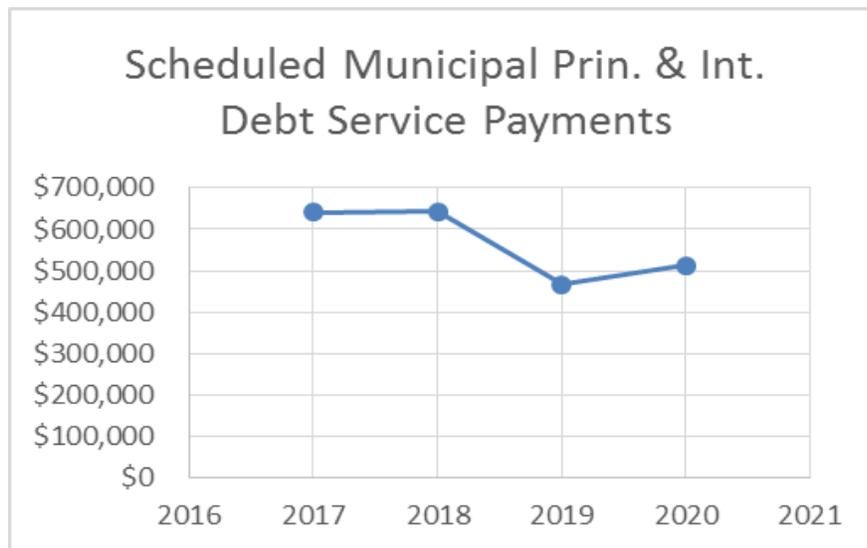
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### 2018 BUDGET - CONSTRAINTS & OPPORTUNITIES

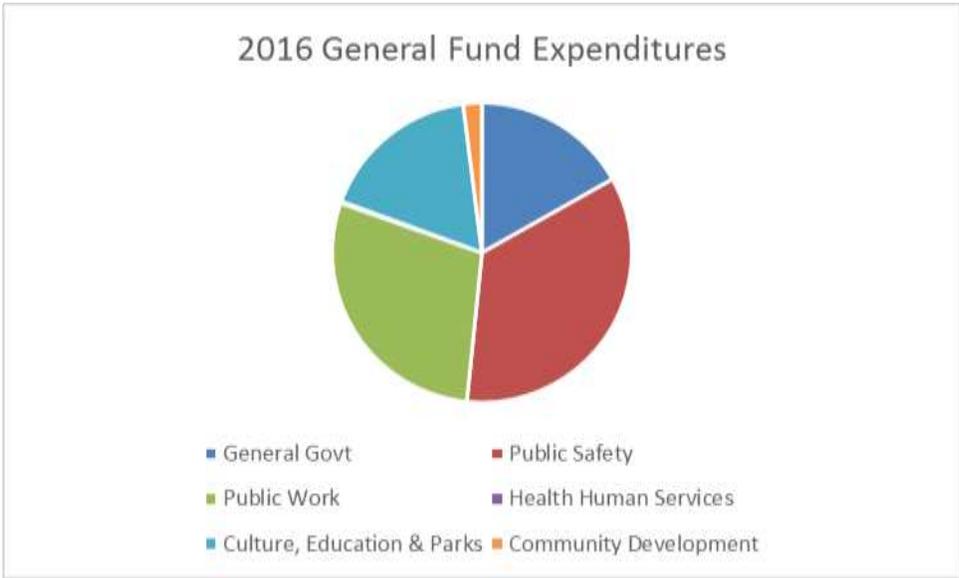
1. Rate of Growth Lags Neighboring Communities. The Wisconsin Department of Revenue (DOR) has issued equalized property value information. The City of Waterloo grew by 1%. It ranks lowest in the county among cities & villages. Jefferson County cities grew at a 5% rate, overall Jefferson County towns, cities and villages grew at a 4% rate. Neighboring Marshall in Dane County grew by 6%. Why does Waterloo consistently rank low for rate of growth?
2. Wages/Benefits as a Proportion of Tax Levy. ANS: 87%. 2017 municipal property tax levy was \$2,060,557. Estimated wages and benefits total to \$1,802,953. While we do have non-levy revenue sources, they are controlled by others, not the municipality. Debt service, capital projects, vehicles and operating expenses are all sizable expenditures in addition to wages & benefits.
3. Revenue from the State. No sizable increases expected. As of August 16<sup>th</sup> the 2018-2019 state budget is not completed. The Governor's proposed budget maintains the 2017 Shared Revenue amount, \$467,841 and increases General Transportation Aids (2017: \$205,911) slightly. In 2017 General Transportation Aid was directed to the Capital Fund for road improvements. Recycling Grant (2017: \$11,737) and Computer Aid (2017: \$421,608) were increased in 2017 and likely won't increase in 2018. 99% of Computer Aid received flows to tax incremental district #1. Computer Aid and tax increment are funding the STH 19 road construction with no increase in debt.
4. Levy Limits Net New Construction. ANS: Preliminary estimate +\$9,551.81. Our Net New Construction figure for 2018 is 0.49%, one-half of last year's rate.
5. The State Expenditure Restraint Program. Dating back over 20 years the City has participated in the State's Expenditure Restraint Program. The state gives revenue to municipalities that restrain expenditures. Last year we qualified for 2018 aid. To qualify for 2019 aid, we can increase 2018 expenditures only by the amount allowed by the program formula. More exact DOR formula figures come out in October, for now I'm conservatively estimating that the maximum increase is \$27,000. Last year we only achieved the proper formula outcome by off-loading general library expenditures to a stand-alone fund. The prior year we did similarly by creating an enhanced Parks Department Fund,
6. Employee Benefits
  - a. Retirement. 2018 contribution rates for general employees drops from to 6.7%, from 6.8%. The rate for Police Officers is 10.7%, down from 10.8%. Estimated municipal expense for this benefit is \$99,947, a 0.1% reduction is negligible when spread across departments.
  - b. Health Insurance Premium. The City pays 88% of the qualified plans' average premium, with the employees paying the difference. The 2017 estimated municipal expense for this benefit is \$371,000. The premium rate trend over time is charted below. I'm estimating a 5% increase for 2018, or \$18,550 spread across all departments.



7. Debt Service. 2018 debt service is pegged at \$641,706. Principal & interest payments continue to trend down. The City has not borrowed for non-TID capital projects since 2009-2010. It will be difficult to fund 2018, 2019 and 2020 capital expenditures at current levels without future borrowing or alternate revenue.



8. Expenditures. What bundle of goods and services are we funding? Are spending priorities as they should be?



9. Everyone advocates for his/her priorities, but what is on the bottom of the list that comes off?

**The budget is the key planning document for any government. What are your priorities?**

WISCONSIN DEPARTMENT OF REVENUE  
2017 STATEMENT OF CHANGES IN EQUALIZED VALUES BY CLASS AND ITEM

County 28 Jefferson  
City 290 Waterloo

REAL ESTATE	2016 RE Equalized Value	Removal of Prior Year Compensation	% Change	\$ Amount of Economic Change	% Change	\$ Amount of New Constr	% Change	Correction & Compensation	% Change	\$ Amount of All Other Changes	% Change	2017 RE Equalized Value	Total \$ Change in R.E. Value	% Change
<b>Residential</b>														
Land	30,244,000	0	0%	695,600	2%	0	0%	0	0%	-6,400	0%	30,933,200	689,200	2%
Imp	121,615,800	0	0%	2,797,200	2%	428,300	0%	0	0%	0	0%	124,841,300	3,225,500	3%
<b>Total</b>	<b>151,859,800</b>	<b>0</b>	<b>0%</b>	<b>3,492,800</b>	<b>2%</b>	<b>428,300</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>-6,400</b>	<b>0%</b>	<b>155,774,500</b>	<b>3,914,700</b>	<b>3%</b>
<b>Commercial</b>														
Land	6,704,400	0	0%	-1,628,800	-24%	0	0%	0	0%	-57,700	-1%	5,017,900	-1,686,500	-25%
Imp	25,872,100	0	0%	0	0%	48,500	0%	0	0%	-444,500	-2%	25,476,100	-396,000	-2%
<b>Total</b>	<b>32,576,500</b>	<b>0</b>	<b>0%</b>	<b>-1,628,800</b>	<b>-5%</b>	<b>48,500</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>-502,200</b>	<b>-2%</b>	<b>30,494,000</b>	<b>-2,082,500</b>	<b>-6%</b>
<b>Manufacturing</b>														
Land	1,774,500	0	0%	14,600	1%	0	0%	0	0%	288,900	16%	2,078,000	303,500	17%
Imp	13,192,300	0	0%	0	0%	1,018,600	8%	0	0%	0	0%	14,210,900	1,018,600	8%
<b>Total</b>	<b>14,966,800</b>	<b>0</b>	<b>0%</b>	<b>14,600</b>	<b>0%</b>	<b>1,018,600</b>	<b>7%</b>	<b>0</b>	<b>0%</b>	<b>288,900</b>	<b>2%</b>	<b>16,288,900</b>	<b>1,322,100</b>	<b>9%</b>
<b>Agricultural</b>														
Land/Total	215,700	0	0%	3,400	2%	0	0%	-200	0%	-800	0%	218,100	2,400	1%
<b>Undeveloped</b>														
Land/Total	131,900	0	0%	-1,400	-1%	0	0%	3,000	2%	0	0%	133,500	1,600	1%
<b>Ag Forest</b>														
Land/Total	71,300	0	0%	0	0%	0	0%	0	0%	0	0%	71,300	0	0%
<b>Forest</b>														
Land/Total	35,000	0	0%	0	0%	0	0%	0	0%	0	0%	35,000	0	0%
<b>Other</b>														
Land	644,000	0	0%	2,800	0%	0	0%	0	0%	23,100	4%	669,900	25,900	4%
Imp	1,712,900	0	0%	-51,400	-3%	0	0%	0	0%	-16,300	-1%	1,645,200	-67,700	-4%
<b>Total</b>	<b>2,356,900</b>	<b>0</b>	<b>0%</b>	<b>-48,600</b>	<b>-2%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>6,800</b>	<b>0%</b>	<b>2,315,100</b>	<b>-41,800</b>	<b>-2%</b>
<b>Total Real Estate</b>														
Land	39,820,800	0	0%	-913,800	-2%	0	0%	2,800	0%	247,100	1%	39,156,900	-663,900	-2%
Imp	162,393,100	0	0%	2,745,800	2%	1,495,400	1%	0	0%	-460,800	0%	166,173,500	3,780,400	2%
<b>Total</b>	<b>202,213,900</b>	<b>0</b>	<b>0%</b>	<b>1,832,000</b>	<b>1%</b>	<b>1,495,400</b>	<b>1%</b>	<b>2,800</b>	<b>0%</b>	<b>-213,700</b>	<b>0%</b>	<b>205,330,400</b>	<b>3,116,500</b>	<b>2%</b>
<b>PERSONAL PROPERTY</b>	<b>Non-Mfg Personal Property</b>			<b>Manufacturing Personal Property</b>			<b>Total of All Personal Property</b>							
	2016	2017	% Change	2016	2017	% Change	2016 Total	2017 Total	Tot. \$ Chg in PP	% Change				
Watercraft	0	0	0%	0	0	0%	0	0	0	0%				
Machinery Tools & Patterns	645,400	769,600	19%	4,143,700	3,625,600	-13%	4,789,100	4,395,200	-393,900	-8%				
Furniture Fixtures & Equip	1,057,100	1,045,100	-1%	2,617,400	2,712,800	4%	3,674,500	3,757,900	83,400	2%				
All Other	115,100	188,800	64%	211,900	141,500	-33%	327,000	330,300	3,300	1%				
Prior Year Compensation	-11,600	0		0	0		-11,600	0	11,600					
<b>Total Personal Property</b>	<b>1,806,000</b>	<b>2,003,500</b>	<b>11%</b>	<b>6,973,000</b>	<b>6,479,900</b>	<b>-7%</b>	<b>8,779,000</b>	<b>8,483,400</b>	<b>-295,600</b>	<b>-3%</b>				
<b>TOTAL EQUALIZED VALUE</b>	<b>2016 Total</b>						<b>2017 Total</b>			<b>Total \$ Change % Change</b>				
Real Estate & Personal Property	210,992,900							213,813,800	2,820,900	1%				

## NET NEW CONSTRUCTION 2017

COMUN CODE	MUNICIPALITY	2016 EQUALIZED VALUE	2017 NET NEW CONSTRUCTION	PERCENT
28002	TOWN OF AZTALAN	129,921,600	1,371,600	1.06%
28004	TOWN OF COLD SPRING	73,343,000	111,600	0.15%
28006	TOWN OF CONCORD	175,855,600	188,900	0.11%
28008	TOWN OF FARMINGTON	138,655,100	591,900	0.43%
28010	TOWN OF HEBRON	99,644,500	808,800	0.81%
28012	TOWN OF IXONIA	444,159,700	9,043,200	2.04%
28014	TOWN OF JEFFERSON	188,369,600	21,400	0.01%
28016	TOWN OF KOSHKONONG	371,324,300	3,247,800	0.87%
28018	TOWN OF LAKE MILLS	295,610,500	2,804,900	0.95%
28020	TOWN OF MILFORD	106,674,000	1,175,900	1.10%
28022	TOWN OF OAKLAND	353,811,100	935,800	0.26%
28024	TOWN OF PALMYRA	182,498,300	9,230,100	5.06%
28026	TOWN OF SULLIVAN	190,371,400	837,000	0.44%
28028	TOWN OF SUMNER	113,024,600	-263,900	-0.23%
28030	TOWN OF WATERLOO	93,207,300	807,700	0.87%
28032	TOWN OF WATERTOWN	183,496,800	1,208,900	0.66%
28111	VILLAGE OF CAMBRIDGE *	5,596,500	8,000	0.14%
28141	VILLAGE OF JOHNSON CREEK	312,986,500	8,246,600	2.63%
28146	VILLAGE OF LAC LA BELLE *	829,400	0	0.00%
28171	VILLAGE OF PALMYRA	122,758,200	3,179,500	2.59%
28181	VILLAGE OF SULLIVAN	45,368,900	315,400	0.70%
28226	CITY OF FORT ATKINSON	870,654,000	7,290,400	0.84%
28241	CITY OF JEFFERSON	481,469,500	5,162,100	1.07%
28246	CITY OF LAKE MILLS	511,900,300	9,607,200	1.88%
28290	CITY OF WATERLOO	210,992,900	1,034,600	0.49%
28291	CITY OF WATERTOWN *	879,928,200	4,405,200	0.50%
28292	CITY OF WHITEWATER *	77,491,900	1,763,500	2.28%
<b>28999</b>	<b>COUNTY OF JEFFERSON</b>	<b>6,659,943,700</b>	<b>73,134,100</b>	<b>1.10%</b>

\* Split districts are summed at the end of the report

2018 Budget Submittal Summary  
8/17/2017

<b>TITLE: 2018 BUDGET - PARKS DEPT. SUBMITTALS</b>									
ACCT NO	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	6/30/2017 YTD	2017 BUDGET	2018 SUBMIT	% CHANGE '17-18	
PARKS REVENUE SUBTOTAL	0	293,971	7,266	356,290	69,653	156,749	185,546	18.4%	
PARKS EXPENDITURE SUBTOTAL	0	333,719	8,412	297,848	84,862	159,519	185,409	16.2%	
PARKS - REVENUE LESS EXPENDITURES	0	-39,748	-1,146	58,442	-15,209	-2,770	137	-104.9%	

<b>TITLE: 2018 BUDGET - LIBRARY DEPT. SUBMITTALS</b>									
ACCT NO	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	6/30/2017 YTD	2017 BUDGET	2018 SUBMIT	% CHANGE '17-18	
LIBRARY REVENUE SUBTOTAL	43,734	44,479	40,343	38,372	324,176	389,759	401,627	3.0%	
LIBRARY EXPENDITURE SUBTOTAL	43,426	43,678	40,794	40,114	208,961	384,609	396,477	3.1%	
LIBRARY - REVENUE LESS EXPENDITURES	308	801	-451	-1,742	115,215	5,150	5,151	0.0%	

NOTE: Only department to come in at -5% in 2017 seeking 5% back

<b>TITLE: 2018 BUDGET - DPW DEPT. SUBMITTALS</b>									
ACCT NO	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	6/30/2017 YTD	2017 BUDGET	2018 SUBMIT	% CHANGE '17-18	
DPW - TOTAL EXPENDITURES	657,943	609,129	590,737	657,910	299,243	620,375	464,185	-25.2%	

<b>TITLE: 2018 BUDGET - DPW DEPT. SUBMITTALS (PLANNING &amp; CONSERVATION)</b>									
ACCT NO	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	6/30/2017 YTD	2017 BUDGET	2018 SUBMIT	% CHANGE '17-18	
EXPENDITURE SUBTOTAL	4,256	4,497	5,284	5,469	4,898	6,488	8,530	31.5%	

**Submittals Outstanding**

- CATV Board
- Community Development Authority
- Tax Incremental Finance Districts
- Special Assessments
- Impact Fees
- General Govt
- Police Dept (transmittal error)