

**EDGERTON CITY COUNCIL
WORK SESSION AGENDA
CITY HALL
404 EAST NELSON STREET
June 27, 2019**

**Work Session will begin following adjournment
of regularly scheduled council meeting.**

1. Call to Order
2. Roll Call ___ Roberts ___ Longanecker ___ Brown ___ Conus ___ Lewis ___ Smith
3. Presentation of Recommended 2020 General Fund Budget
4. Adjourn



June 24, 2019

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director

Re: 2020 Recommended General Fund Budget

Attached please find the 2020 Recommended Budget for the General Fund. The General Fund contains the general operations of the City which are funded by a mixture of general purpose revenues including property taxes, sales taxes, user fees and charges and payment in lieu of taxes for abated properties.

Revenues

Property Taxes

The recommended budget includes an increase in property taxes. The increase is due to the following:

1. The City is allowed to capture property tax revenue for new construction. Included in the City's assessed valuation is the partial value at January 1, 2019 for the Kubota buildings in LPKC South which will be abated for the 2021 Budget in accordance with the development agreements.
2. The City is allowed to increase the property tax revenue amount by the CPI calculation prescribed in State statutes. That percentage is 1.5% for the 2020 Budget.
3. The City is allowed to increase the property tax revenue amount for increases in law enforcement expenses in excess of the growth allowed by the CPI calculation.

Sales & Use Taxes

The recommended budget reflects the amount in the forecast, which includes a modest increase to reflect the trend in the actual revenues.

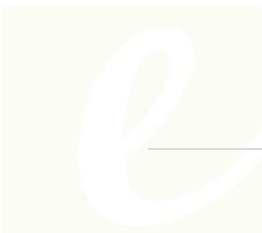
Charges for Services

There is a slight decrease for this revenue item. The 2019 Budget included an increase in the cost of trash service as the contract with Gardner Disposal was expiring and the bids had not yet been received. The contract awarded to Gardner Disposal kept rates the same. Revenue from the portion of the bill paid by residents has been reduced to remove the increase in revenue planned in the 2019 Budget.

Expenditures

Personnel Changes

- Staff is recommending the addition of an accountant position.
 - The workload in the Finance area continues to grow in the areas of tracking the various development funding mechanisms, forecasting and tracking CIP projects.



- This position would take over the day-to-day tasks from the Finance Director so that the Finance Director can dedicate more time to capital project tracking, revenue forecasting, development funding monitoring, etc.
- Staff is recommending reallocating funding for a part-time position to fund the addition of the accountant position.

General Government

- The 2019 Budget included an amount for the implementation of the compensation and benefit study. The results of the study have been implemented and are reflected in the salary and benefits in the various departments.
- Includes the addition of one full-time accountant position as noted in the Personnel Changes Section above.
- Reduced professional services to reflect less utilization of outside consultants.
- Added cost of biennial citizen survey.
- Adjusted the amounts budgeted for community assistance based on the direction of Council at the May 23rd Council Meeting.

Law Enforcement

- The recommended budget reflects the same level of service from the Sheriff's office and includes a 6.3% increase in costs.

Public Works

- Moved vehicle and equipment maintenance and fuel budgets to the new Fleet Maintenance Department.
- Added cost for major maintenance of the school crossing lights.
- Added electric cost for new street lights on 207th/Homestead and 207th/Waverly.

Parks

- Reduced professional services to reflect reduced usage of consultants.
- Moved vehicle and equipment maintenance and fuel budgets to the new Fleet Maintenance Department.

Facilities

- Reflects an estimated 10% increase in utility rates.
- Reflects increase in lease rate for Studio B.

Fleet Maintenance

- This is a new department. Staff is recommending that maintenance of the fleet be centralized under the Public Works Operations and that the costs for this operation be tracked in its own department. Budget authority was moved from Public Works, Parks and Community Development to this new department.
- The budget includes the cost for maintenance and repairs of vehicles and equipment as well as fuel costs.

Community Development

- The recommended budget includes a decrease in professional services to reflect less anticipated usage of outside consultants.
- Fuel and vehicle maintenance costs were moved to the new Fleet Maintenance Department.

Economic Development

- Includes a \$5,000 increase in the membership to EE! as well as a \$10,000 one-time payment to EE! for an LPKC targeted marketing campaign as directed by Council at the May 23rd Council Meeting.
- Includes \$4,000 for the Chamber for a membership and a contribution towards the cost of the magazine as directed by the Council at the May 23rd Council Meeting.
- The BNSF property tax increment to be transferred to the Public Infrastructure Fund increased approximately \$10,000.
- Includes an increase in the utility sales tax that is transferred to the Public Infrastructure Fund to reflect the trend in the actual amounts transferred.

Information Technology

- Includes a small increase in professional services for special projects outside of the routine monthly services.

Employee Benefits

- Includes a 20% increase in health insurance premiums and a 10% increase in dental and vision insurance premiums based on information provided by the City's provider, Midwest Public Risk.
- Includes the benefit costs for the recommended accountant position.
- Includes a full year of the match for the newly adopted 457 contribution match benefit.

Transfers to Other Funds

- The recommended budget includes a transfer of \$79,250 to the Equipment Reserve Fund, which is the same amount transferred the past several years.
- The 2019 estimate includes a transfer to the Capital Projects Fund for the projects funded in the CIP in 2019.
- The recommended 2020 Budget includes a transfer to the Capital Projects Fund for projects funded in the CIP for 2020.

Ending Balance and Reserves

The reserve calculations have been updated to reflect the new policy adopted at the June 13, 2019 Council Meeting. The projected balance at the end of 2020 exceeds the required reserves, leaving funding available for projects or other priorities.

Items for Further Consideration

Staff has prepared Scenario 1 for Council's consideration. This scenario includes two additional items, shown in blue:

1. \$200,000 in additional one-time funding allocation to the Equipment Reserve Fund to cover the deficit in that fund should the Council decide to cash purchase the tandem dump truck and wheel loader vs. lease-purchasing those items.
2. \$132,538 in additional funding for the Sheriff contract for an Edgerton Community Officer. This funding would need to be allocated annually to continue this service and would be subject to the increase in costs similar to the annual contract for policing services with the Sheriff's Office.

Staff would note that even if both items were to be approved, any additional funding City Council desired to be used from the General Fund for capital projects or for economic development purposes would need to be funded from unencumbered cash balance based on the reserve calculation.

**City of Edgerton
General Fund**

Mill Rate:	33.654	30.633	29.919	28.761 (estimate)
Revenue from 1 Mill :	\$40,102	\$40,664	\$46,317	\$62,562

	2017 Actual	2018 Actual	2019 Estimate	2020 Recommended
Balance 1/1	\$ 1,748,720	\$ 1,582,616	\$ 1,725,649	\$ 1,617,667
Revenues:				
Ad Valorem Tax	1,509,058	1,585,109	1,385,761	1,799,322
LPKC PILOT	-	-	437,123	483,853
Delinquent Tax	-	4,414	-	-
Motor Vehicle Tax	47,301	51,599	48,993	52,969
Recreational Vehicle Tax	957	1,138	823	933
16/20M Vehicle Tax	156	455	420	372
Local Alcoholic Liquor Tax	7,555	3,107	2,725	2,780
Compensating Use Tax	196,340	216,982	180,000	183,600
Local Sales Tax	652,959	735,096	750,000	765,000
Franchise Tax	129,260	141,856	110,000	110,000
Licenses & Permits	635,441	484,313	756,300	756,300
Charges for Services	111,723	154,008	118,000	118,000
Fines & Forfeitures	25,452	30,123	30,000	30,000
Reimbursements	-	31,059	-	-
Miscellaneous	500,913	197,693	6,000	-
Investment Income	15,819	26,206	15,000	15,000
Total Revenue	\$ 3,832,934	\$ 3,663,158	\$ 3,841,145	\$ 4,318,129
Transfers from Other funds:				
Transfer from General Fund				
Transfer from Capital Projects Fund	14,644	706	-	-
Total	\$ 14,644	\$ 706	\$ -	\$ -
Total Sources	\$ 3,847,578	\$ 3,663,864	\$ 3,841,145	\$ 4,318,129
Expenditures:				
General Government	651,513	838,102	934,950	939,571
Law Enforcement	285,540	313,263	341,549	370,330
Public Works	468,595	514,339	592,030	596,688
Parks	192,767	185,999	273,769	253,490
Facilities	863,550	144,774	107,418	115,450
Fleet Maintenance	-	-	-	51,200
Community Development	295,050	290,404	363,440	356,153
Economic Development	356,474	311,840	475,200	507,200
Information Technology	31,193	58,607	47,370	57,631
Employee Benefits	218,024	269,844	398,310	487,818
Total Expenditures	\$ 3,362,706	\$ 2,927,172	\$ 3,534,035	\$ 3,735,531
Sources Over(Under) Expenditures	\$ 484,872	\$ 736,692	\$ 307,110	\$ 582,598
Transfers to Other Funds:				
Transfer to General Fund				
Transfer to Equipment Reserve Fund-General	79,250	79,250	79,250	79,250
Transfer to Equipment Reserve Fund-Water	26,796	-	-	-
Transfer to Mayor's Holiday Fund	-	150	-	-
Transfer to Capital Projects Fund	544,930	514,259	335,842	150,000
Total	\$ 650,976	\$ 593,659	\$ 415,092	\$ 229,250
Total Uses	\$ 4,013,682	\$ 3,520,831	\$ 3,949,127	\$ 3,964,781
Sources Over(Under) Uses	\$ (166,104)	\$ 143,033	\$ (107,982)	\$ 353,348
Prior Period Adjustment	-	-	-	-
Balance 12/31	\$ 1,582,616	\$ 1,725,649	\$ 1,617,667	\$ 1,971,015

Undesignated Reserve:	\$ 565,706	\$ 635,040
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 17% of Budgeted Expenditures:	\$ 615,706	\$ 685,040
Unencumbered Cash Over(Under) Requirement:	\$ 1,001,961	\$ 1,285,975
Undesignated Reserve:	\$ 855,451	\$ 933,883
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 25% of Budgeted Expenditures:	\$ 905,451	\$ 983,883
Unencumbered Cash Over(Under) Requirement:	\$ 712,217	\$ 987,132

Funding Sources: Property tax, sales tax, franchise fees, user fees and charges

Expenditures: General operations of the City

City of Edgerton General Fund

**Scenario 1: \$200,000 additional funding for Equipment Reserve to cash purchase large Items in 2020
and additional funding for the Sheriff Contract for an Edgerton Community Officer**

Mill Rate:	33.654	30.633	29.919	28.761 (estimate)
Revenue from 1 Mill:	\$40,102	\$40,664	\$46,317	\$62,562

	2017 Actual	2018 Actual	2019 Estimate	2020 Recommended
Balance 1/1	\$ 1,748,720	\$ 1,582,616	\$ 1,725,649	\$ 1,617,667
Revenues:				
Ad Valorem Tax	1,509,058	1,585,109	1,385,761	1,799,322
LPKC PILOT	-	-	437,123	483,853
Delinquent Tax	-	4,414	-	-
Motor Vehicle Tax	47,301	51,599	48,993	52,969
Recreational Vehicle Tax	957	1,138	823	933
16/20M Vehicle Tax	156	455	420	372
Local Alcoholic Liquor Tax	7,555	3,107	2,725	2,780
Compensating Use Tax	196,340	216,982	180,000	183,600
Local Sales Tax	652,959	735,096	750,000	765,000
Franchise Tax	129,260	141,856	110,000	110,000
Licenses & Permits	635,441	484,313	756,300	756,300
Charges for Services	111,723	154,008	118,000	118,000
Fines & Forfeitures	25,452	30,123	30,000	30,000
Reimbursements	-	31,059	-	-
Miscellaneous	500,913	197,693	6,000	-
Investment Income	15,819	26,206	15,000	15,000
Total Revenue	\$ 3,832,934	\$ 3,663,158	\$ 3,841,145	\$ 4,318,129
Transfers from Other funds:				
Transfer from General Fund				
Transfer from Capital Projects Fund	14,644	706	-	-
Total	\$ 14,644	\$ 706	\$ -	\$ -
Total Sources	\$ 3,847,578	\$ 3,663,864	\$ 3,841,145	\$ 4,318,129
Expenditures:				
General Government	651,513	838,102	934,950	939,571
Law Enforcement	285,540	313,263	341,549	502,868
Public Works	468,595	514,339	592,030	596,688
Parks	192,767	185,999	273,769	253,490
Facilities	863,550	144,774	107,418	115,450
Fleet Maintenance	-	-	-	51,200
Community Development	295,050	290,404	363,440	356,153
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Information Technology	31,193	58,607	47,370	57,631
Employee Benefits	218,024	269,844	398,310	487,818
Total Expenditures	\$ 3,362,706	\$ 2,927,172	\$ 3,534,035	\$ 3,868,069
Sources Over(Under) Expenditures	\$ 484,872	\$ 736,692	\$ 307,110	\$ 450,060
Transfers to Other Funds:				
Transfer to General Fund				
Transfer to Equipment Reserve Fund-General	79,250	79,250	79,250	279,250
Transfer to Equipment Reserve Fund-Water	26,796	-	-	-
Transfer to Mayor's Holiday Fund	-	150	-	-
Transfer to Capital Projects Fund	544,930	514,259	335,842	150,000
Total	\$ 650,976	\$ 593,659	\$ 415,092	\$ 429,250
Total Uses	\$ 4,013,682	\$ 3,520,831	\$ 3,949,127	\$ 4,297,319
Sources Over(Under) Uses	\$ (166,104)	\$ 143,033	\$ (107,982)	\$ 20,810
Prior Period Adjustment	-	-	-	-
Balance 12/31	\$ 1,582,616	\$ 1,725,649	\$ 1,617,667	\$ 1,638,477

<i>Undesignated Reserve:</i>	\$ 565,706	\$ 657,572
<i>Portion Designated for Self-Insured Losses:</i>	\$ 50,000	\$ 50,000
<i>Reserve Per Policy - 17% of Budgeted Expenditures:</i>	\$ 615,706	\$ 707,572
<i>Unencumbered Cash Over(Under) Requirement:</i>	\$ 1,001,961	\$ 930,905
<i>Undesignated Reserve:</i>	\$ 855,451	\$ 967,017
<i>Portion Designated for Self-Insured Losses:</i>	\$ 50,000	\$ 50,000
<i>Reserve Per Policy - 25% of Budgeted Expenditures:</i>	\$ 905,451	\$ 1,017,017
<i>Unencumbered Cash Over(Under) Requirement:</i>	\$ 712,217	\$ 621,460

Funding Sources: Property tax, sales tax, franchise fees, user fees and charges

Expenditures: General operations of the City

**City of Edgerton
General Fund - Updated**

**Scenario 1: \$200,000 additional funding for Equipment Reserve to cash purchase large Items in 2020
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Reimbursements	-	31,059	-	-
Miscellaneous	500,913	197,693	6,000	-
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Expenditures:				
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Unencumbered Cash Over(Under) Requirement:	\$ 1,001,961	\$ 1,063,443
Undesignated Reserve:	\$ 855,451	\$ 967,017
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 25% of Budgeted Expenditures:	\$ 905,451	\$ 1,017,017
Unencumbered Cash Over(Under) Requirement:	\$ 712,217	\$ 753,998

Funding Sources: Property tax, sales tax, franchise fees, user fees and charges

Expenditures: General operations of the City