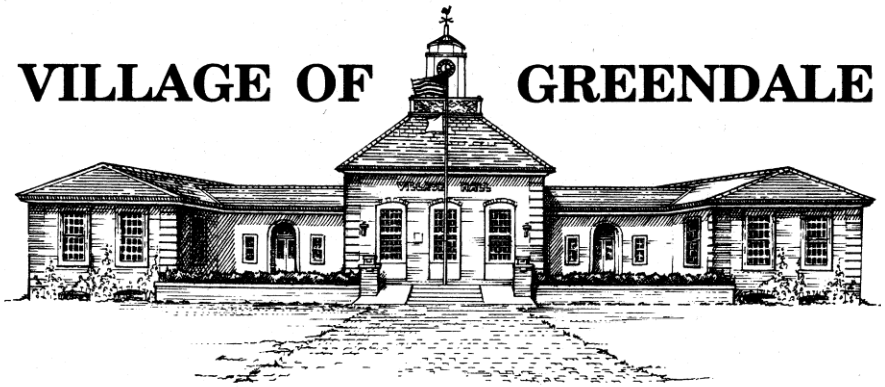
VILLAGE OF GREENDALE
2017 BUDGET

COVER LETTER

VILLAGE OF GREENDALE



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James M. Birmingham, Village President
Todd K. Michaels, Village Manager

December 8, 2016

TO: Honorable Village President and Board of Trustees
Citizens of Greendale

FROM: Todd K. Michaels, Village Manager

RE: 2017 Village Budget

From the outset, the Village was facing a difficult budget year with instability affecting the United States economy and significantly higher employee health insurance costs. However, the Village continues to realize significant savings in employee benefit costs from Wisconsin Act 10 (Budget Repair Bill) and Act 32 (The Biennial Budget Bill). With this in mind, the Budget has been drafted to show the impacts of increased employee benefit costs, and compliance with the State's new interpretation of the State Expenditure Restraint Program and levy limits. Working with these difficult scenarios and the general budget direction provided by the Board of Trustees at its preliminary budget worksession on August 16th (COW 16-34OT 16-40), the goal for the 2017 Budget is to use the minimum amount of fund balance necessary to maintain the core services our residents expect.

I am pleased to say that the 2017 Budget meets this goal. The Budget presented increases the tax levy by (1.00%), the State imposed levy limit is estimated at (0.90%), while using a manageable amount of fund balance. Since the year 2006 the Village's tax levy has increased on average (1.19%). Additional property tax revenue will be collected by the Village's four tax incremental financing districts.

Year	Levy	%Inc
2006	8,482,886	
2007	8,652,542	2.00%
2008	8,825,592	2.00%
2009	9,002,500	2.00%
2010	9,125,543	1.37%
2011	9,100,543	-0.27%
2012	9,209,750	1.20%
2013	9,246,589	0.40%
2014	9,357,548	1.20%
2015	9,451,123	1.00%
2016	9,545,634	1.00%
		1.19%

It also maintains the Board's goals of support for capital projects and maintaining the Village's high quality of services to residents. This Budget includes 2% increases in wages under the Village's expanded merit based pay system. All employees with the exception of Police Officers and Firefighters are now on a merit based pay system. 12% contribution to health insurance premiums for Village employees continues in this budget. This budget also assumes significant increases in out of pocket costs for employee health insurance. Capital equipment purchases have been reduced in this budget. Future capital equipment purchases may have to be made by issuing bonds. Revenues have been increased by budgeting for the Police Department's plan to provide police and fire dispatching service to the Village of Hales Corners. If these budget goals are not reached, the Village will very likely have to consider other options during 2017 including a hiring freeze, furloughs or other cost saving measures.

Under the current tax levy limits, there will become a point in the not too distant future where the Village will no longer be able to provide its present level of services to residents.

During the preparation of this budget, detailed estimates were made as to what year-end 2016 actual revenues and expenditures will be. These estimates indicate that revenues will exceed expenditures in the general fund by approximately $13,500, primarily because of department heads working with their budgets; this limited the amount of fund balance used.

The 2017 Budget also maintains Greendale's compliance with the State's Expenditure Restraint Program (ERP) - estimated to be 0.90% for 2017. The Village's General Fund expenditures plus transfers out and tax levies in other funds, minus the levy for debt payments increase 0.35% for 2017. This is in compliance with the State's new interpretation of the State Expenditure Restraint Program and levy limits. Transfers between funds have also increased in this budget. Expenditures under the State Expenditure Restraint Program are well below the maximum allowed. The overall Budget of $22,409,705 decreases by 0.80% from last year.

The Budget anticipates a 4.91% increase in Assessed Value (Including the Village's four TIF's) while increasing the tax levy by (1.00%) from last year's total. The combination makes the 2017 Budget Assessed Tax Rate decrease by 28-cents (3.55%) from roughly $7.89 to $7.61 per $1,000 of Assessed Value. Assuming that the assessment on an average Greendale home increased an average of 4.91% in 2016, the Budget's impact on that home will mean that their Village taxes will increase by $18.69 to $1,608.38 from $1,589.69 last year 1.18% increase).

To help offset pending storm water improvements to meet the State's unfunded mandate to improve storm water quality, the 2017 Budget continues to support the budgeted activities of the Stormwater Utility created in 2005. Current Public Works functions such as street sweeping and catch basin repairs related to stormwater that had been charged to the General Fund are now being charged to the Stormwater Utility. To help fund the Stormwater Utility activities, the 2017 Budget calls for maintaining the Village's quarterly Stormwater Utility charge at $79.60/year.

The Budget also calls for passing onto the homeowners the cost of residential recycling program. The cost for residential recycling cost will stay the same for 2017 $31.08/year. The Village expects recycling costs to stay the same or decrease under changes to the recycling program being implemented.

Including the revisions in taxes and fees, the 2017 Budget projects the total cost for Village services to a $211,261 assessed home to be $1,719.06. This is a $18.69 (1.10%) increase for the same home last year. The 2017 Budget represents a monthly cost of $143.26/month to cover all Village service costs (except Water and Sewer Utilities) including police, fire, garbage collection, curbside recycling, stormwater, snow plowing, street lighting, etc.

The following summary highlights some of the significant revisions from the 2016 Budget that are included in this 2017 Budget document. The attached Budget provides further information.

GENERAL FUND:

2016 Budget	$11,081,331
Net Base Budget Revisions	$634,077
Major Improvements/Reductions	($3,043)
2017 Budget	$11,712,365
Change $	$631,034
Change %	5.69%

Highlights:

- ***Tax Levy Revenue (+94,511)*** **-** Tax Levy Increase of 1.0% or $94,511.
- ***State Aid for Local Streets Revenue (+ $63,043)*** **–** Increased revenues from the State.
- ***Maintains existing staffing levels with the exception of eliminating the 40 per week Firefighter position (-$70,000)*** **–** Eliminated position that has been unfilled for some time. We are realizing savings on call-back using other means.
- ***Does not fund an additional Police Officer requested by the Police Department ($0)*** **–** This position was requested to improve service levels and handle call volume.
- ***Wage Changes*** **-** Budgets for wage increases averaging 2.0% to be based on the Village's merit pay system for all employees (with the exception of sworn Police and Firefighter union members)
- ***Wage Savings*** **-** Savings in base wages because of a number of new hires starting at lower rates of pay than their predecessors.
- ***Revenue by providing Police and Fire Dispatch to the Village of Hales Corners ($213,000)*** **-** Revenues have been increased by budgeting for the Police Department's plan to provide police and fire dispatching service to the Village of Hales Corners.
- ***Health Insurance*** – Budgets for a 20% increase in health insurance costs, with increases in maximum out of pocket amounts, and maintains the employee contribution for group Health Insurance to 12% of the premium amount. We experienced significant claims activity in 2016 which made it difficult to find any other options.
- ***Realizes Significant increases in Retirement Cost (+128,000)*** **–** The State significantly increased the rates for sworn Police and Fire Department personnel.
- ***Does not budget for a Revaluation in 2017 (-$42,000)*** **–** It is estimated that our equalized ratio for 2016 will be near 100%. At this time it appears real estate values are increasing. If this trend continues we will very likely need for the Village to perform a reassessment in 2018 or 2019 for equity reasons and since assessed real estate values are increasing again.
- ***Increases Village Attorney funding since the Village Attorney will be taking over the prosecutor function in 2017 (+$32,000)*** **–** Our prosecutor and Court Clerk are both retiring at the end of 2016. Village Attorney, John Macy's firm will be taking over as prosecutor.
- ***Maintains the crack filling program ($0)*** **–** DPW staff will continue to perform crack filling that was previously contracted out.
- ***Cost of Gasoline was reduced to $2.50 per gallon (-$20,000)*** **–** Savings in the estimated cost of fuel for our vehicle fleet.
- ***Historic Welcome Center Facility ($0)*** – Maintains funds for the yearly operation of a Historic Welcome Center in the Downtown.
- ***Tourism, Marketing and Special Event Support (+$40,000)*** – Provides funds for the promotion of the Village as a destination through numerous marketing and promotional activities including special events.
- ***Shifts the cost of Refuse Disposal to the Refuse and Recycling Fund (-168,000)*** – This change was made to comply with State Expenditure Restraint Program. This amount was levied for in the Refuse and Recycling Fund.
- ***Contingency*** – Maintains contingency at 1% of the operating budget.

EQUIPMENT FUND:

2016 Budget	$542,051
Net Base Budget Revisions	$0
Improvements/Reductions	($311,851)
2017 Budget	$230,200
Change $	($311,851)
Change %	-57.53%

Highlights:

- ***Equipment Replacement minimized ($0)*** – Replaces only equipment that effects life safety functions in the Police and Fire Departments. Capital equipment purchases have been reduced to a minimum. Future capital equipment purchases may have to be made by issuing bonds.
- ***Police Department Equipment ($120,200)*** – Includes the routine replacement and outfitting of two (2) patrol vehicles this year. Provides for routine computer upgrades. Includes funds for the purchase of personal body armor for sworn members of the Department.
- ***Fire Department ($35,000)*** – Replacement of routine firefighting equipment. Funds radio upgrades.
- ***DPW Equipment and Capital Budget Request*** – The Department of Public Works submitted approximately $300,000 in budget requests for items in their equipment replacement schedule and long range Capital Improvement Plan. These items cannot be funded using a reasonable tax levy increase. The only way to fund these items would be through a significant tax levy increase or through financing using general obligation debt.
- ***DPW Roll-Off Truck*** – Delays the purchase of the roll-off truck until the middle 2017 when we rebid our refuse and recycling contract that expires at the end of 2017.

SCHOOL-POLICE FUND:

2016 Budget	$115,723
Net Base Budget Revisions	$7,384
Improvements/Reductions	$0
2017 Budget	$123,107
Change $	$7,384
Change %	6.38%

Highlights:

- ***Continues to Fully Fund School Liaison Position*** – Maintains funding for the School Liaison Officer position. The expense for this officer will be shared 50/50 with the School District.

DEBT FUND:

2016 Budget	$1,720,308
Net Base Budget Revisions	$766,335
Improvements/Reductions	$0
2017 Budget	$2,486,643
Change $	$766,335
Change %	44.55%

Highlights:

- ***TIF Bonds Reflected in Budget ($1,737,542)*** – TIF Bond Payments. The TIF Funds' are a receivable and are reflected as payable to the Debt Fund.
- ***2016 General Obligation Bond Issue Reflected in Budget ($749,201)*** – 2016 GO Bond Issue Payment. Uses the $208,141 bond premium and $350,000 of tax levy to fund this debt payment.

REFUSE AND RECYCLING FUND:

2016 Budget	$290,263
Net Base Budget Revisions	$13,500
Improvements/Reductions	$0
2017 Budget	$303,763
Change $	$13,500
Change %	4.65%

Highlights:

- ***Continue Refuse and Recycling ($303,763)*** – Reflects continuation of the Village's refuse and recycling collection program. Program costs to homeowners are estimated to remain the same. The Village is considering providing collection by Village staff in the near future.

LIBRARY FUND:

2016 Budget	$593,005
Net Base Budget Revisions	$68,622
Improvements/Reductions	$0
2017 Budget	$661,627
Change $	$68,622
Change %	11.57%

Highlights:

- ***Continues the Library Budget as Separate Fund*** – Continues to treat the Library revenues and expenses as its own special fund. This will allow for more precise tracking of revenues and expenditures. It will also more clearly report balance sheet accounts and fund balance.
- ***Library Funding*** – The Library's expenditure proposal increases expenses by over 10%. The Budget maintains the same tax levy in 2017 $560,386. It is estimated that the Library Fund will have approximately $130,000 in it at the beginning of 2017 and $90,000 at the end of 2017.

HUD/CDBG FUND:

2016 Budget	$90,000
Net Base Budget Revisions	($35,000)
Improvements/Reductions	$0
2017 Budget	$55,000
Change $	($35,000)
Change %	-38.89%

Highlights:

- ***Budgets the Village's 2016 and 2017 CDBG Project Applications ($55,000)*** – The Budget reflects the Village's 2016 and 2017 Community Development Block Grant (CDBG) project applications. No ($0) Village tax dollars are budgeted to support these projects – use of only CDBG grant funds.

CAPITAL IMPROVEMENT PROJECT (CIP) FUND):

2016 Budget	$8,160,000
Net Base Budget Revisions	$0
Improvements/Reductions	($7,385,000)
2017 Budget	$775,000
Change $	($7,385,000)
Change %	-90.50%

Highlights:

- ***Street Rehabilitation Program Funding Maintained ($435,000)*** – The Village will continue its annual Street Rehabilitation Program. Includes funding for crack sealing, the residential tree planting program, and sidewalk replacement.
- ***DPW Equipment and Capital Budget Request*** – The Department of Public Works submitted millions of dollars in budget requests for items in their equipment replacement schedule and long range Capital Improvement Plan. These items cannot be funded using a reasonable tax levy increase. The only way to fund these items would be through a significant tax levy increase or through financing using general obligation debt.

2016 GO BOND FUND:

2016 Budget	$0
Net Base Budget Revisions	$0
Improvements/Reductions	$6,062,000
2017 Budget	$6,062,000
Change $	$6,062,000
Change %	#DIV/0!

Highlights:

- ***New Segregated Fund created to isolate fund from the 2016 Bond Issue*** – Created segregated fund to closely track activity.

Fund can only be used for street improvement projects, fire station construction, and equipment.

TOTAL BUDGET – ALL FUNDS:

2016 Budget	$22,592,681
Net Base Budget Revisions	($179,933)
Improvements/Reductions	($3,043)
2017 Budget	$22,409,705
Change $	($182,976)
Change %	-0.81%

General Tax Levy ($9,545,634)

General Tax Levy revenue helps support the General Fund, Equipment Fund, School-Police Fund, Debt Fund, Recycling Fund and CIP Fund. The Levy of $9,545,634 is a $94,511 (1.00%) increase from last year's levy of $9,451,123 to support the 2017 Budget of $22,409,705. The Budget anticipates a (4.92%) increase in Assessed Value while increasing the tax levy by (1.00%) from last year's total, including the Village's four TIF Districts. The combination makes the 2017 Budget Assessed Tax Rate decrease by 28-cents (-3.55%) from roughly $7.89 to $7.61 per $1,000 of Assessed Value. This equates to the following tax rate information.

	2015 (FY16)	2016 (FY17)	$ Change	% Change
Village Levy	$ 9,451,123	$ 9,545,634	$ 94,511	1.00%
Equalized Rate	$ 7.09	$ 7.04	$ (0.050)	-0.71%
Assessed Rate	$ 7.89	$ 7.61	$ (0.280)	-3.55%
Equalized Value	$ 1,333,340,400	$ 1,356,408,500	$ 23,068,100	1.73%
Assessed Value	$ 1,274,935,100	$ 1,337,595,503	$ 62,660,403	4.91%
Fair Market Ratio	95.35%	98.61%		

**** NOTE - Equalized Value (TID In), Assessed Value & Fair Market Ratio Are Estimates***

Applied General Fund Fund Balance ($385,286)

To help fund unexpected expenditures as well as reduce some surplus funding in minor funds, the total 2017 Budget utilizes $385,286 in General Fund fund balance. $385,286 is only 3.29% of total General Fund expenditures. In the 2016 Budget the Village anticipated using $383,506 in General Fund fund balance. It is anticipated that we will accrue $13,500 of fund balance in 2016.

The Equipment Fund will decrease its fund balance by approximately $125,600 to fund the purchase of much needed emergency equipment.

The Capital Improvement Fund utilizes $195,000 of accumulated fund balance to fund the delayed replacement of aging streets. Funds can be carried over to help off-set the need for tax levy support in 2017.

The General Fund uses $385,286 of fund balance. $120,000 of fund balance is set aside in the Budget as Contingency for any unforeseen expenditures rather than a tax levy. The Village utilizes a goal of budgeting Contingency at 1% of budgeted expenditures.

The 2017 Budget uses fund balance to increase its Capital Project Fund projects and replaces income lost due to historically low interest rates that have reduced interest revenue by $550,000 since 2007.

Despite the identified use of Fund Balance, the estimated year-end 2017 fund balance (all Funds) as budgeted would be $4,372,864, remaining strong at roughly 20% (28% if you exclude the Fire Station construction costs) of expenditures (all Funds). The fund balance in the General Fund alone is expected to represent $4,254,366, also strong at roughly 36% of budgeted General Fund expenditures.

General Fund Fund Balance	
Nonspendable	
Inventories and prepaid items	40,525
Delinquent personal property taxes	19,667
Long-term accounts and interfund receivables	750,000
Restricted	
Assigned for future projects	383,506
Unassigned	
Undesignated sale of property	620,919
Undesignated	2,439,749
Total Fund Balance	4,254,366

ESTIMATED BUDGET IMPACT TO HOMEOWNERS:

Evaluating the Budget's estimated tax rate and fee increases, including the Curbside Recycling and Stormwater Utility Fee, the budget impacts on a $211,261 Assessed Value property are illustrated below.

The 2017 Budget will cost the average homeowner $18.66 more next year. Village taxes (taxes paid to support the Village budget only, not including School District, Milwaukee County, the State, MATC, and MMSD) will increase by approximately $18.66 (1.10%), the Curbside Recycling fee and the Stormwater Utility Fees are unchanged.

The overall average monthly cost for Village Services including Police, Fire, Street Rehabilitation, Snowplowing, Snow Removal, Garbage Collection, Recycling, Library, Health Department, Parks, Stormwater, etc. (except Water and Sanitary Sewer Utilities) remains modest in 2017 at a little more than $143/month.

Budget Impacts to Homeowners

Average Home Comparison

	2016	20.17	$Change	% Change
Average Home Assessed Value	$ 201,373	$ 211,261	$ 9,888	4.91%
Village Tax Rate Per $1,000	$ 7.89	$ 7.61	$ (0.28)	-3.55%
Village Taxes Paid	$ 1,589.69	$ 1,608.35	$ 18.66	1.17%
Curbside Recycling	$ 31.08	$ 31.08	$ -	0.00%
Stormwater Utility Fee	$ 79.60	$ 79.60	$ -	0.00%
TOTAL	$ 1,700.37	$ 1,719.03	$ 18.66	1.10%
Average Monthly Cost for Village Services *(Excluding Water & Sewer Utilities)*	$ 141.70	$ 143.25	$ 1.55	1.10%

It is important to note that the Village collects the total tax bill for all taxing entities, but does NOT control their tax levies. Changes in tax levies by the other taxing entities will impact the total tax bill paid.

It is also important to note that the actual amount and percentage increases paid by individual property owners is dependent upon how much their property values changed. The average shown utilizes an increase based on the average of all properties in the Village, 4.92%.

Property owners having their assessed value increase by more than the average increase will have a higher tax increase. Those not having their assessed value increase by the average amount will see a lower tax increase.