
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: T Peters, Finance Director
SUBJECT: Discussion Related to 2022 Budget & Tax Levy
DATE: December 21, 2021

Background:

The Finance Director presented the 2022 Preliminary Budget on 12/9/2021 as part of the Truth-in-Taxation presentation. This memo is to address questions that came up following the presentation, as well as provide an overview of the changes concurrently made to the budget.

On 12/9/2021 the Mayor asked what the carryforward fund balance was, as well as what happens to those funds. The response was that the Finance Director would look into what it was, but the funds become part of the City's reserves, essentially increasing retained earnings. Prior to the 2020 audit (in 2021), the fund balance at 12/31/2020 increased \$127,221.29 Year over Year (YoY) from \$3,013,541.63 in 2019. It should be noted that this increase includes funds that were transferred from Liquor.

Council member Zimmer asked what the fund balance was for the Liquor Store. As of 12/31/2020, the Liquor Store had \$5,735,523.31 in retained earnings. This was an increase of \$345,603.47 YoY from 12/31/2019, despite the transfers out to supplement the General Fund. It should be noted, however, that 2020 was an unusual year for the Liquor Store, as COVID positively impacted the bottom line for Liquor Stores with the closing of bars.

After further review of the budgets, staff was able to find an additional \$13,328 of cost cuts/revenue increases. This resulted in a final levy of 9.13% instead of the previously presented 9.64%.

While not a direct levy impact, it is still worth noting that the Fire Chief was able to fundraise and collect enough funds to cover the UTV, which resulted in a CIP ask of \$3,000 instead of the originally approved \$23,000.

Recommendation:

Staff recommends the City Council approve Resolution 21-85 adopting the 2022 Budget & Tax Levy.