
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: M McPherson, City Administrator
T Peters, Finance Director
SUBJECT: **Truth in Taxation**
DATE: December 8, 2021

Attached please find the levy analysis for your information. The various detailed worksheets and charts will be uploaded Thursday once staff has verified the final 2019 and 2020 expenditures as we believe that they are estimated actuals based on year-to-date numbers. You will note in the uploaded spreadsheets that they include 2021 actuals through November 30. Final budget actuals cannot or should not be provided until first quarter of 2022 once all of the expenditures occur and transfers made.

The 2022 levy increase, at the writing of this memo is 9.64 percent, down from the adopted preliminary levy of 11 percent. The large increase in the levy can be attributed to:

1. Elimination of the 2.5 percent increase from 2020 to 2021 by use of a transfer from the liquor fund. Having a levy increase in 2021 would have given staff a larger pool of revenue from property taxes to start from and the 2022 increase would likely have fallen between three (3) and six (6) percent.
2. Cost of living adjustments (COLA) per the union contracts.
3. Anniversary step increases; approximately half of the staff are eligible for these.
4. The addition of a full-time staff person for technology services.
5. Shifting expenditures from the capital plan to the general operating budget in compliance with budgeting standards.

The 2022 general fund budget includes transfers to the airport enterprise, cemetery operations, and civic center budgets. The airport enterprise budget balances with the general fund influx. The wastewater enterprise budget, with the \$1.00 fee increase in sewer rates, reduction in depreciation and without factoring in the proposed capital expenses, will actually be in the black. The liquor store budget proposes to have significant income.

The only transfer from the Liquor fund outside of paying the Public Safety Bond payment is for the compensation payouts for staff that were promoted from non-exempt to exempt positions.

The Council will be presented with the final budget resolution to approve on December 21. For the December 9 meeting, Finance Director Peters will present the budget information and answer questions from the Council and public. Staff will continue to examine the budget to find any and all cost savings prior to its final approval.