



CITY OF MERRILL

Finance Director/City Treasurer

Kathy Unertl, Finance Director

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Date: November 7th, 2013

To: Mayor Bill Bialecki and Alderpersons

From: Kathy Unertl, Finance Director

RE: Revised 2014 Preliminary City Budget Information

You will find the following replacement documents for your three-ring binders:

- Water Fund and Sewer Fund budgets

The summaries now include Depreciation Adjustments line to better detail cash flow. I have also provided historical summary of Water PSC Rate of Return. Only 2.5% Rate of Return is projected by the Wisconsin PSC for 2014 after the water rate increase.

- Replacement Tax Increment District (TIDs) budgets.
- Replacement Capital Plan summaries – Projects by Funding Sources and Projects by Department
- Revised Appendix A, including TID summary [per 11/5/2013 COW action]
- Revised Tax Rate Summary

It has taken over a decade for the City of Merrill to consider requesting a bond rating (i.e. Standard & Poor's 2013 "A" Credit Rating). Having an adequate Undesignated General Fund Reserve is one of the key fiscal evaluation criteria for bond rating purposes.

The 2015 City tax levy supported debt service will be comparable to 2014 – **so about \$400,000 increase in 2015**. You might want to consider phased-in debt service increase approach. A \$200,000 debt service levy increase for 2014 would result in a 3.0% tax levy increase with projected \$28 impact on \$75,000 residential property. A potential alternative Appendix A and Tax Rate Summary are provided for your review.

City of Merrill - 2014 Budgets

Changes made from 11/5/2013 Committee of Whole meeting

<u>Water Fund</u>		<u>Fiscal Impact</u>
Historical summary chart of PSC Rate of Return provided		
Wisconsin PSC authorized rates for 2014 revenues		
1/2 time Utility Billing position eliminated, as well as potential reclass of Utility Billing employee		(\$10,000)
<u>Sewer Fund</u>		<u>Fiscal Impact</u>
1/2 time Utility Billing position eliminated, as well as potential reclass of Utility Billing employee		(\$10,000)
<u>Various TIDs</u>		<u>Fiscal Impact</u>
No. 3	Blight Demo/Disposal	(\$50,000)
No. 3	Site Acq/Demo - Redevelopment	(\$550,000)
No. 4	Contract Engineering/Survey	(\$150,000)
No. 5	Streetlight Improvements	(\$50,000)
No. 6	Blight Demo/Disposal	(\$50,000)
No. 7	Acquisition/Demo - Potential	(\$100,000)
No. 8	Wire Products	(\$150,000)
No. 8	Acq/Demo-Blighted	(\$250,000)
		<u>(\$1,350,000)</u>

*Also lowered Revenues since planned use of previously borrowed proceeds

	APPENDIX A		Revised - 11/8/2013		
			General Fund Offset - \$408,018		
	CITY OF MERRILL				
	PRELIMINARY 2014 BUDGET AND TAX LEVY				
Budget Category - General Fund	2012 Budget	2013 Budget	2014 Budget	Difference	
Expenditures:					
General Government	\$1,546,628	\$1,573,856	\$1,588,183	\$14,327	
Public Safety	\$4,837,153	\$4,927,410	\$4,923,568	(\$3,842)	
Public Works	\$2,820,169	\$2,870,961	\$2,828,171	(\$42,790)	
Health and Human Service	\$8,760	\$8,760	\$8,760	\$0	
Culture and Recreation	\$1,946,187	\$1,942,428	\$1,949,490	\$7,062	
Conservation and Development	\$58,444	\$58,444	\$58,444	\$0	
Capital Outlay/Projects	\$1,242,006	\$4,874,006	\$1,038,150	(\$3,835,856)	
Capital - Non-Lapsing (From PFP)	\$55,000	\$82,500	\$82,500	\$0	
Debt Service Payments	\$925,482	\$921,619	\$1,454,946	\$533,327	
Total Expenditures	\$13,439,829	\$17,259,984	\$13,932,212	(\$3,327,772)	-19.3%
Revenue:					
Property Tax - General Purposes	\$3,862,475	\$3,864,685	\$3,865,860	\$1,175	
Property Tax - SRO	\$49,887	\$52,400	\$51,225	(\$1,175)	
Property Tax - Community Dev.	\$38,744	\$38,744	\$38,744	\$0	
General Fund Offset	\$0	\$2,925	\$408,018	\$405,093	
Other Funding - Grant, NL, TID	\$67,500	\$55,928	\$318,724	\$262,796	
Property Tax - Debt Service	\$925,482	\$921,619	\$921,619	\$0	
Other Tax Revenue	\$396,000	\$422,000	\$419,151	(\$2,849)	
Special Assessments	\$35,500	\$240,500	\$47,500	(\$193,000)	
Intergovernmental Revenue	\$6,286,539	\$6,302,559	\$6,255,320	(\$47,239)	
Licenses and Permits	\$64,421	\$76,704	\$71,771	(\$4,933)	
Law and Ordinance Violations	\$131,500	\$118,000	\$137,225	\$19,225	
Public Charges for Services	\$481,931	\$490,352	\$511,880	\$21,528	
Miscellaneous Revenue	\$79,850	\$121,717	\$111,850	(\$9,867)	
Prior Year Borrowing	\$45,000	\$0	\$21,875	\$21,875	
New Borrowing	\$0	\$4,551,851	\$751,450	(\$3,800,401)	
Future Borrowing	\$975,000	\$0	\$0	\$0	
Total Revenue	\$13,439,829	\$17,259,984	\$13,932,212	(\$3,327,772)	-19.3%
City of Merrill Tax Levy	2012 Budget	2013 Budget	2014 Budget		
General Purpose	\$3,862,475	\$3,864,685	\$3,865,860	\$1,175	0.03%
SRO - School Resource Officer	\$49,887	\$52,400	\$51,225	(\$1,175)	-2.24%
Community Development	\$38,744	\$38,744	\$38,744	\$0	0.00%
Debt Service	\$925,482	\$921,619	\$921,619	\$0	0.00%
Total City of Merrill Tax Levy	\$4,876,588	\$4,877,448	\$4,877,448	\$0	0.00%

**CITY OF MERRILL
PRELIMINARY 2014 BUDGET AND TAX LEVY**

Revised: 11/7/2013

Tax Increment Districts (TIDs)

Expenditures:	2012 Actual	2013 Budget	2014 Budget	Difference
TID No. 3 - East Side	\$178,104	\$1,262,998	\$369,471	(\$893,527)
TID No. 4 - Thielman/Pine Ridge Area	\$69,160	\$342,285	\$277,680	(\$64,605)
TID No. 5 - State Hwy 107 Area	\$2,046	\$160,778	\$15,250	(\$145,528)
TID No. 6 - Downtown Area	\$152,787	\$487,714	\$195,275	(\$292,439)
TID No. 7 - N. Center Ave. Area	\$9,540	\$256,035	\$151,285	(\$104,750)
TID No. 8 - West Side Area	\$102,289	\$1,342,725	\$320,250	(\$1,022,475)
TID No. 9 - WI River/S. Center Ave.	N/A	\$22,250	\$100,000	\$77,750
Total TID Expenditures	\$513,926	\$3,874,785	\$1,429,211	(\$2,445,574)

Revenue:	2012 Actual	2013 Budget	2014 Budget	Difference
TID No. 3 - East Side	\$216,481	\$522,124	\$258,000	(\$264,124)
TID No. 4 - Thielman/Pine Ridge Area	\$56,173	\$68,859	\$105,000	\$36,141
TID No. 5 - State Hwy 107 Area	\$9,617	\$158,894	\$9,510	(\$149,384)
TID No. 6 - Downtown Area	\$39,282	\$315,300	\$77,751	(\$237,549)
TID No. 7 - N. Center Ave. Area	\$13,363	\$1,891	\$6,750	\$4,859
TID No. 8 - West Side Area	\$20,000	\$300,973	\$98,000	(\$202,973)
TID No. 9 - WI River/S. Center Ave.	N/A	\$0	\$0	\$0
Total TID Revenues	\$354,916	\$1,368,041	\$555,011	(\$813,030)

Previous TID Borrowing \$122,500

Proposed TID New or Future Borrowing

TID No. 3 - East Side	\$0	\$0	\$0
TID No. 4 - Thielman/Pine Ridge Area	\$0	\$0	\$0
TID No. 5 - State Hwy 107 Area	\$0	\$150,000	\$0
TID No. 6 - Downtown Area	\$75,000	\$75,000	\$0
TID No. 7 - N. Center Ave. Area	\$0	\$0	\$0
TID No. 8 - West Side Area	N/A	\$0	\$20,000
TID No. 9 - WI River/S. Center Ave.	N/A	\$0	\$0
	\$75,000	\$225,000	\$20,000

Note: General Fund Advances will cover deficits for Tax Increment Districts (TIDs) pending future tax increment generation. Finance Director anticipates future transfers from TID No. 3 to "blighted" TIDs.

Landfill Remediation Fund - Operations

	2012 Actual	2013 Budget	2014 Budget	Difference
Revenues	\$12,595	\$12,450	\$9,063 *	(\$3,387)
Expenditures	\$15,443	\$16,500	\$17,786	\$1,286
Net (Revenue) or Cost	\$2,848	\$4,050	\$8,723	\$4,673

Note: Landfill Fund balance as of 12/31/2012 was \$481,193 with \$393,798 loaned to City General Fund and Tax Increment District No. 3. City and TID making debt service payments with interest to Landfill Fund.

*Adjusted for Principal repayments

Water and Sewer Utility Funds

There are separate summaries for the Water Fund and the Sewer Fund. These are Enterprise Funds entirely funded by utility customers.

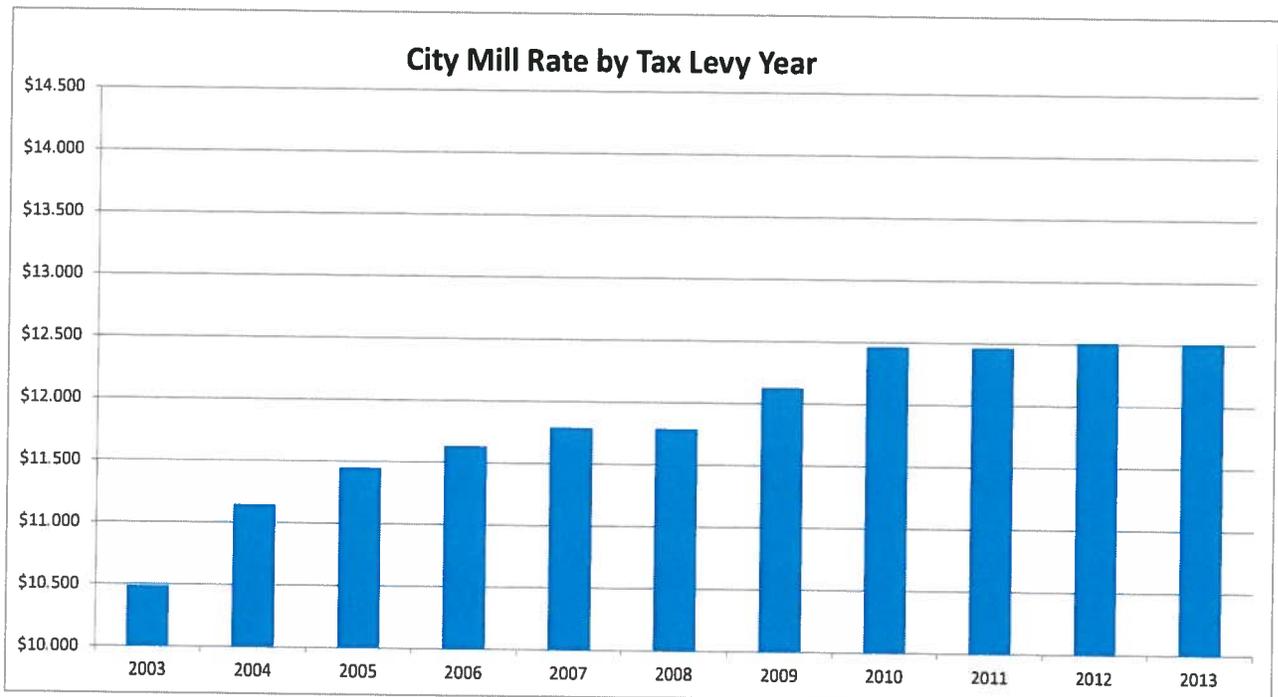
City of Merrill - Tax Rate Summary

CORRECTED - 11/3/2013

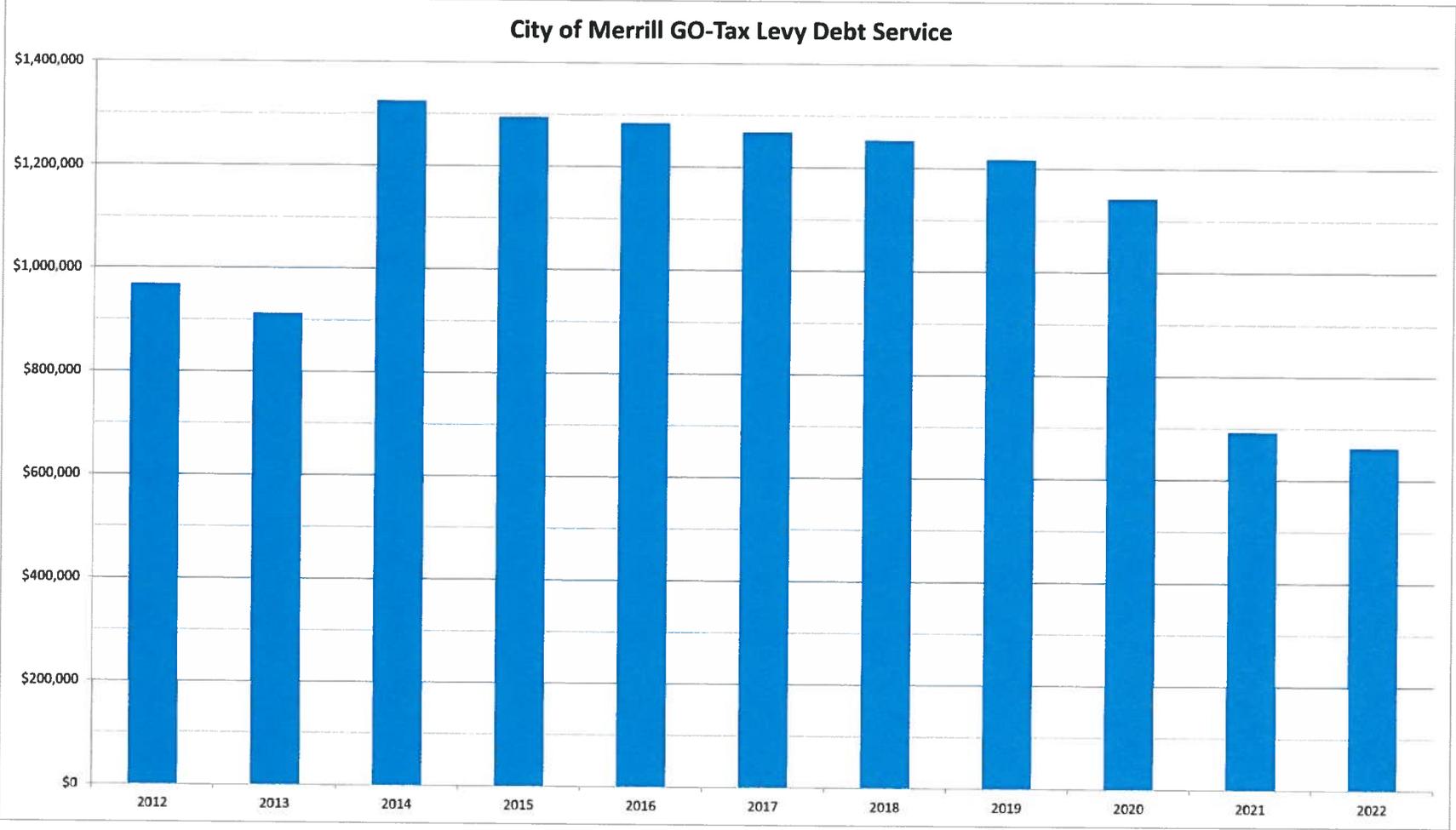
Proposed 2013 Tax Levy - For 2014 Budget - Debt Service Increase

Levy Year	Budget Year	City Tax Rate without TIF	Change in Tax Rate	% Tax Rate Change	Per \$75,000 Assessment	Difference Per \$75,000	Tax Levy Increase	Tax Levy Amount
2003	2004	\$10.486	\$0.000	0.0%	\$786	\$0	None City	
2004	2005	\$11.140	\$0.655	6.2%	\$836	\$49	8.00% *	\$303,761
2005	2006	\$11.447	\$0.306	2.7%	\$859	\$23	3.50%	\$142,994
2006	2007	\$11.630	\$0.183	1.6%	\$872	\$14	2.60%	\$182,933
2007	2008	\$11.786	\$0.156	1.3%	\$884	\$12	2.50%	\$109,084
2008	2009	\$11.784	(\$0.002)	0.0%	\$884	\$0	2.00%	\$89,449
2009	2010	\$12.122	\$0.338	2.9%	\$909	\$25	3.00%	\$136,856
2010	2011	\$12.462	\$0.340	2.8%	\$935	\$26	3.24%	\$152,254
2011	2012	\$12.460	(\$0.002)	0.0%	\$935	\$0	0.86%	\$25,600
2012	2013	\$12.508	\$0.048	0.4%	\$938	\$4	0.02%	\$860
Tax Levy of \$4,877,448								
2013	2014	\$12.508	\$0.000	0.0%	\$938	\$0	General Fund Offset - Debt Service	\$408,018

* Debt service increased significantly in 2004. The tax levy for 2005 budget included 3.0% increase (\$113,362) for debt service.



City of Merrill - Future Debt Service



	APPENDIX A		Revised - 11/8/2013		
			Phased-In Option - \$200,000 Tax Levy		
	CITY OF MERRILL				
	PRELIMINARY 2014 BUDGET AND TAX LEVY				
Budget Category - General Fund	2012 Budget	2013 Budget	2014 Budget	Difference	
Expenditures:					
General Government	\$1,546,628	\$1,573,856	\$1,588,183	\$14,327	
Public Safety	\$4,837,153	\$4,927,410	\$4,923,568	(\$3,842)	
Public Works	\$2,820,169	\$2,870,961	\$2,828,171	(\$42,790)	
Health and Human Service	\$8,760	\$8,760	\$8,760	\$0	
Culture and Recreation	\$1,946,187	\$1,942,428	\$1,949,490	\$7,062	
Conservation and Development	\$58,444	\$58,444	\$58,444	\$0	
Capital Outlay/Projects	\$1,242,006	\$4,874,006	\$1,038,150	(\$3,835,856)	
Capital - Non-Lapsing (From PFP)	\$55,000	\$82,500	\$82,500	\$0	
Debt Service Payments	\$925,482	\$921,619	\$1,454,946	\$533,327	
Total Expenditures	\$13,439,829	\$17,259,984	\$13,932,212	(\$3,327,772)	-19.3%
Revenue:					
Property Tax - General Purposes	\$3,862,475	\$3,864,685	\$3,865,860	\$1,175	
Property Tax - SRO	\$49,887	\$52,400	\$51,225	(\$1,175)	
Property Tax - Community Dev.	\$38,744	\$38,744	\$38,744	\$0	
General Fund Offset	\$0	\$2,925	\$208,018	\$205,093	
Other Funding - Grant, NL, TID	\$67,500	\$55,928	\$318,724	\$262,796	
Property Tax - Debt Service	\$925,482	\$921,619	\$1,121,619	\$200,000	
Other Tax Revenue	\$396,000	\$422,000	\$419,151	(\$2,849)	
Special Assessments	\$35,500	\$240,500	\$47,500	(\$193,000)	
Intergovernmental Revenue	\$6,286,539	\$6,302,559	\$6,255,320	(\$47,239)	
Licenses and Permits	\$64,421	\$76,704	\$71,771	(\$4,933)	
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Public Charges for Services	\$481,931	\$490,352	\$511,880	\$21,528	
Miscellaneous Revenue	\$79,850	\$121,717	\$111,850	(\$9,867)	
Prior Year Borrowing	\$45,000	\$0	\$21,875	\$21,875	
New Borrowing	\$0	\$4,551,851	\$751,450	(\$3,800,401)	
Future Borrowing	\$975,000	\$0	\$0	\$0	
Total Revenue	\$13,439,829	\$17,259,984	\$13,932,212	(\$3,327,772)	-19.3%
City of Merrill Tax Levy	2012 Budget	2013 Budget	2014 Budget		
General Purpose	\$3,862,475	\$3,864,685	\$3,865,860	\$1,175	0.03%
SRO - School Resource Officer	\$49,887	\$52,400	\$51,225	(\$1,175)	-2.24%
Community Development	\$38,744	\$38,744	\$38,744	\$0	0.00%
Debt Service	\$925,482	\$921,619	\$1,121,619	\$200,000	21.70%
Total City of Merrill Tax Levy	\$4,876,588	\$4,877,448	\$5,077,448	\$200,000	4.10%

City of Merrill - Tax Rate Summary

Proposed 2013 Tax Levy - For 2014 Budget - Debt Service Increase

Phased-In Option

Levy Year	Budget Year	City Tax Rate without TIF	Change in Tax Rate	% Tax Rate Change	Per \$75,000 Assessment	Difference Per \$75,000	Tax Levy Increase	Tax Levy Amount	
2003	2004	\$10.486	\$0.000	0.0%	\$786	\$0	None City		
2004	2005	\$11.140	\$0.655	6.2%	\$836	\$49	8.00% *	\$303,761	
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2008	2009	\$11.784	(\$0.002)	0.0%	\$884	\$0	2.00%	\$89,449	
2009	2010	\$12.122	\$0.338	2.9%	\$909	\$25	3.00%	\$136,856	
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2011	2012	\$12.460	(\$0.002)	0.0%	\$935	\$0	0.86%	\$25,600	
2012	2013	\$12.508	\$0.048	0.4%	\$938	\$4	0.02%	\$860	
Tax Levy of \$5,077,448							Operational	0.00%	\$0
2013	2014	\$12.879	\$0.371	3.0%	\$966	\$28	Debt Service	21.70%	\$200,000
							Total Levy	4.10%	\$200,000

* Debt service increased significantly in 2004. The tax levy for 2005 budget included 3.0% increase (\$113,362) for debt service.

