



CITY OF MERRILL
COMMITTEE OF THE WHOLE
AGENDA • TUESDAY MAY 19, 2020

Regular Meeting

City Hall Council Chambers

6:00 PM

To attend the meeting virtually, call 510-679-2196 and meeting PIN 843 180 789

- I. Call to Order
- II. Silent Prayer
- III. Pledge of Allegiance
- IV. Public Comment Period
- V. Agenda Items for Consideration:
 1. Timeline and procedures for opening closed departments and City Hall
 2. Review COVID-19 fiscal impact and consider any budget saving ideas
 3. Update on current financial status of Transit Department, in light of it being closed due to the COVID-19 pandemic.
 4. Consider furlough for the Festival Grounds Manager position. At a meeting on May 13th, 2020, the Common Council referred this to the Committee of the Whole.
 5. Consider ordinance amending Chapter 18, Article II, Section 18-21, related to policy to limit tax rate increase in annual City budgets. At a meeting on January 14th, 2020, the Common Council referred this ordinance to the Committee of the Whole.
 6. Ordinance on scope of authority to call special meetings
 7. Discussion on Common Council orientation
- VI. Adjournment

Heideman, Bill

From: Johnson, David
Sent: Friday, May 15, 2020 10:04 AM
To: Heideman, Bill
Subject: FW: COW meeting agenda

FYI

David Johnson, City Administrator
City of Merrill
1004 E. 1st St.
Merrill WI 54452
715-536-5594

-----Original Message-----

From: Hass, Steve
Sent: Thursday, May 14, 2020 8:27 PM
To: Woellner, Derek
Cc: Johnson, David; Russell, Paul
Subject: COW meeting agenda

Please include on agenda timeline and procedures for reopening closed departments and City Hall. Also please include any budget saving ideas.

Also have cost estimate of what was gained or loss by closing transit, are we at break even by not running and still collecting the aid we get to off set the service.

Also include discussion on council orientation.

Thank you
Steve Hass

Sent from my iPad

Attachment: Agenda items - Alderman Hass (4998 : Timeline and procedures for opening closed departments and City Hall)



THE COVID-19 FISCAL FALL-OUT FOR CITIES AND VILLAGES

While it is too soon to project the full range of fiscal impacts to municipal governments resulting from the country's economic crisis, certain key revenue streams will take a hit, including collections from fees, fines, and permits. Those governments that rely on tourism- and recreation-related fees and the small handful that are allowed to levy sales taxes likely will face daunting challenges.

Wisconsin's municipal and county governments clearly will not be spared from the financial havoc the COVID-19 crisis is wreaking on the nation's economy. Compared to those in other states, however, local governments here possess distinct advantages that should help them weather the crisis. Still, all local governments here will suffer impacts and for some the effects will be immense.

The advantages include reliance on a primary source of taxation (the property tax) that tends not to be as immediately impacted as other taxes by sharp economic swings; and sources of state aid that, for now at least, are written into the current state budget that runs through June 30 of next year. The Forum has warned in the past of the drawbacks of Wisconsin's reliance on these two local revenue streams as opposed to a more diverse revenue portfolio. In this crisis, however, it may actually prove beneficial. Wisconsin municipalities and counties also may be aided directly or indirectly from the \$150 billion allocation for state and local governments in the recently passed federal relief package.

Yet, like virtually all segments of society and the economy, local governments in the state still will face daunting financial challenges. While the property tax is the primary source of tax revenue collected by cities and counties, 68 of the state's 72 counties and a handful of municipal governments also collect sales taxes, which will decline sharply for the foreseeable future.

Similarly, collections of certain user fees charged for items ranging from bus ridership to zoo admissions to

building inspections – as well as fine collections from parking and other municipal violations – are likely to decline precipitously until American life is restored to some semblance of normalcy. Other challenges could include an increase in delinquent or unpaid property taxes and fees and a failure of revenues in tax increment districts to grow at levels needed to service debt. Furthermore, in many cases, local governments may not be able or willing to make spending cuts to offset those lost revenues since it would mean furloughing or otherwise impacting workers.

In this report, we provide a broad overview of city and village revenues in Wisconsin and how they might be most affected by the COVID-19 crisis. In a follow-up report in the near future, we will undertake a similar examination of counties.

Our analysis examines general revenues for cities and villages in Wisconsin, which likely include the majority of the revenues that could be most impacted by the current crisis. As reported to the state Department of Revenue by the municipalities, general revenues include property taxes, state and federal aids, charges for services, license and permit fees, fines, and more. They do not include the proceeds from bonds and other debt. The revenues included here flow into municipalities' general funds as well as other core governmental funds such as those for libraries, debt payments, and capital projects.

This analysis does not include what are known as proprietary funds, which generally include those city and

Attachment: COVID-19 fiscal impact article (4999 : Consider any budget saving ideas)



Why Revenues?

This initial assessment of potential coronavirus-related impacts on municipal governments focuses on the revenue side of the financial ledger, as opposed to the added expenditures that may be required to respond to the crisis. There are basic similarities among Wisconsin's cities and villages with regard to the vulnerability of the revenue sources on which they depend. By examining their general revenue composition and how major sources might be impacted, we can paint a broad picture of the nature and scope of the revenue-based challenges that are likely to emerge for all municipal governments.

Examining possible expenditure impacts is more complicated because of the different services provided by different municipalities. Functions like public health, dispatch, transit, libraries, and parks/recreation may be provided in varying degrees at either the municipal or county level. Another critical question is the general fund balance and overall fiscal condition of each local government, which speaks to their capacity to absorb likely revenue hits without having to lay off staff or reduce services. Assessing these issues would require individual examinations of cities and villages, which was beyond our scope for this report.

village operations that are run more like businesses (e.g. water, sewer, and electric utilities). Though in many cases the revenues in these funds will be at least relatively stable, some could take moderate to substantial hits. For example, public utilities have been directed by an emergency order of the Public Service Commission to offer deferred payment agreements to

customers, which particularly could impact cash flow for municipal-owned water utilities if large users avail themselves of that option. Other revenues most likely to be affected in just these funds include public charges for parking lots, ramps, and meters (totaling \$65.4 million statewide in 2018), airports (\$5.8 million), and mass transit fares (\$29.7 million). Though not included in our main analysis, policymakers also should expect potential losses in these areas.

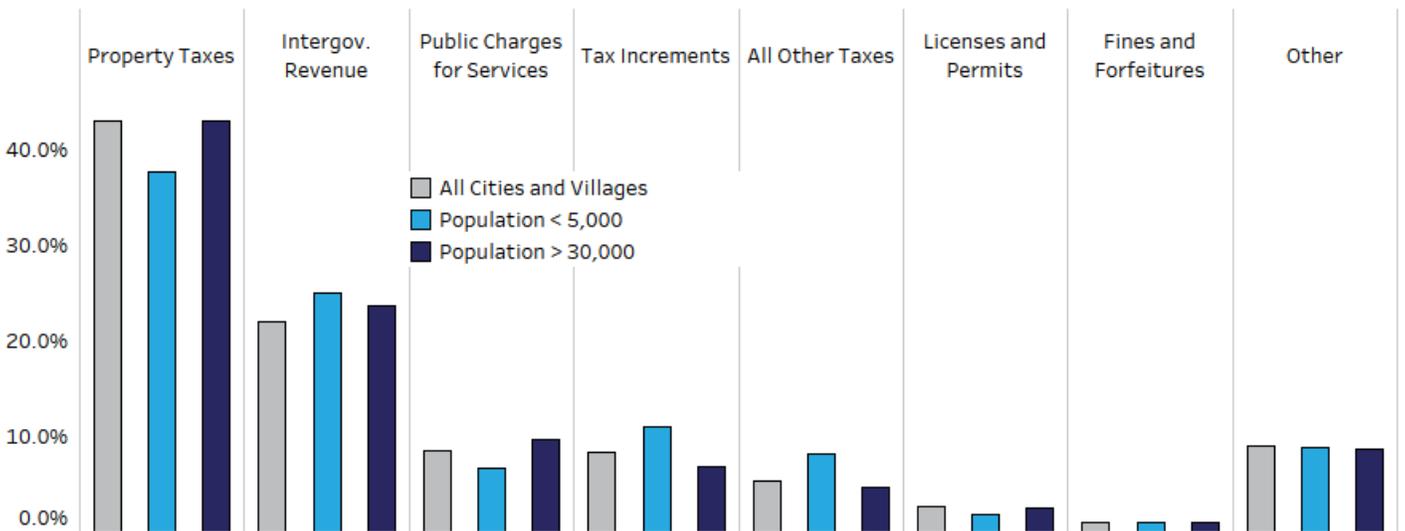
THE BIG PICTURE

Wisconsin has a relatively unique framework for financing its municipal governments, as we discussed in detail in our February 2019 report, *Dollars and Sense*. As we explained at that time:

More than a century ago, Wisconsin made the choice to use state income and later sales taxes to provide aid to local governments while generally not allowing municipalities to levy those same taxes. Today, cities and villages in Wisconsin rely on the property tax to a greater degree than most states nationally and any other state in the Midwest region.

As shown in Figure 1, 43% of the revenues taken in by Wisconsin's 601 cities and villages to support general government functions in 2018 (\$2.4 billion) came from the property tax. State aid and other intergovernmental revenues were the second largest source of income for cities and villages at \$1.2 billion, or 22%. Of that

Figure 1: Property Tax, Federal & State Dominate Revenue Landscape
Share of General Revenue by Source, 2018



Source: Wisconsin Department of Revenue

Attachment: COVID-19 fiscal impact article (4999 : Consider any budget saving ideas)



amount, more than half (\$674 million) was from the state's shared revenue program, which is a form of aid provided to local governments that they can use at their discretion. About \$224 million came from state highway and road aids, while federal aids comprised about \$95 million of the intergovernmental total.

Cities and villages received \$3.5 billion in combined total state aids and property tax revenues in 2018, or 62% of their total revenue. Ironically, while previous Forum research has pointed to the disadvantages associated with such heavy reliance on just these two revenue sources, this circumstance may be fortuitous for Wisconsin municipalities as they prepare for the fiscal impacts associated with the COVID-19 crisis.

Unlike sales and income tax collections, which can plunge quickly and dramatically during an economic recession because of a sharp rise in unemployment and drop in consumer spending and income tax withholding, property tax collections tend to take a longer time to decline if they do so at all.

Similarly, while cities and villages may be concerned that their state aids will diminish in the future as the state confronts its own fiscal hardship, state aid levels have been set through the current state budget, which extends until June 30, 2021. Consequently, although there is uncertainty about the length of this crisis and the choices lawmakers may need to make, it is not yet apparent whether they would change current law to alter state aid amounts that were scheduled to be paid before the crisis broke.

Other major sources of city and village income in 2018 were charges for services (i.e. user fees for services like garbage pick-up or ambulance transports), at \$480 million (8.6%); and revenues collected by tax increment districts, at \$468 million (8.3%). The "other taxes" category shown in Figure 1 comprises \$259 million (4.6%) of the total. Payments in lieu of taxes from property tax-exempt entities and room taxes comprise about four fifths of that total.

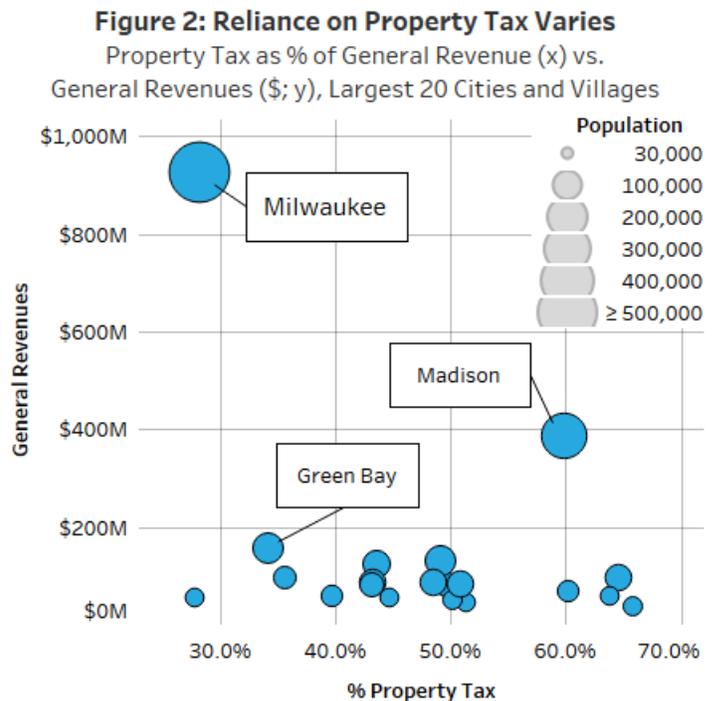
In the pages that follow, we dive deeper into the major forms of tax, fee, and other locally-generated revenue that cities and villages count on to finance their general operations. Our purpose is to provide a broad assessment of the vulnerability of those sources in an economic recession.

PROPERTY TAXES

As shown above, property tax collections are the largest source of income for Wisconsin's cities and villages, generating \$2.4 billion in 2018. Clearly, if property tax collections diminish significantly as the COVID-19 economic crisis plays out, then that would have a substantial impact on municipal finances and services.

While all cities and villages depend heavily on property taxes, the degree of reliance does vary widely. For example, some municipal governments make broader use of fees and receive higher levels of state aids. Figure 2 shows the variation among the state's 20 largest cities and villages (by population). The state's largest city, Milwaukee, had a total property tax levy of \$261 million in 2018, but that comprised less than 30% of its total general revenue. Conversely, the \$231 million levied by the state's second largest city, Madison, comprised 60% of its total general revenue, largely because it receives far less in shared revenue payments from the state.

The good news for local governments is that even though property values typically do fall (and often sharply) during economic downturns, decreases in property taxes due for the current year do not decline because there is a lag between the onset of the



Source: Wisconsin Department of Revenue



Tax Increment Districts

Revenues collected by tax increment districts (TIDs) were the fourth-highest source of general revenue for Wisconsin cities and villages in 2018, at \$468 million. These collections are a form of property tax revenue and could have been classified as such, but rather than supporting general operations they directly support infrastructure investments and other eligible costs associated with the TID.

When a TID is created to spur development, there is a commitment from all tax levying jurisdictions (e.g. the county, school district, and technical college district) to allow the taxes collected on the growth in property values within the TID to be turned over to the municipality as "tax increment" revenue. The municipality uses this revenue only to pay for the improvements made to the property in the TID and other eligible costs per a previously approved project plan. The maximum lifespan of a TID generally is 27 years, although extensions may occur under certain conditions.

Clearly, all cities and villages that have open TIDs face the risk of slower-than-projected growth or a decline in property values within their TIDs. However, important variables exist with regard to that risk, including the date of the TID's creation; the amount of growth in property values so far; the extent to which infrastructure debt and other costs already have been paid off; whether the TID agreement contains a developer guarantee to pay taxes based on a certain assumed value (and the enforceability of that provision); whether the debt associated with the TID is held by the developer, as opposed to the municipality; and the extent to which improvements within the TID already have been completed.

Perhaps most important would be the annual decisions of municipal officials on whether to raise property tax rates going forward, as those decisions would directly impact whether declines or slow growth in values would be offset and still result in steady TID-related property tax collections.

There is little question, however, that for some municipalities, the inability to attract, finance, or complete new development within TIDs, as well as declining property values, will negatively impact their ability to secure the levels of revenues assumed for debt service payments when the TID was created. In some cases, that could require a re-allocation of resources from other TIDs or the general fund or adoption of higher property tax rates to make up the difference. Municipalities also may seek to extend the length of their TIDs, which would create a delay in the return of the tax increment to the general tax rolls.

downturn and the time it takes to conduct and incorporate new property assessments that quantify the loss in value. In fact, property tax levies set later this year for taxes billed in December and collected in 2021

will be based on valuations as of January 1, 2020, which means that the impacts of diminished values will not be reflected until 2022 budgets are adopted.

Even more important is that policymakers can choose to offset any decline in property values by raising property tax rates. Because state-imposed property tax levy limits are linked to the levy amount, there is no legal impediment preventing local policymakers from raising rates to ensure they are receiving at least the same amount of property tax levy from year to year despite a decline in values. The levy limits would generally prevent them, however, from increasing tax rates by an amount that would yield an increase in the operating levy that exceeds the increase in net new construction.

Of course, while legally permissible, political and economic factors may discourage local officials from raising rates in a manner that will maintain the level of taxes previously levied. Depending on the length and depth of the current economic crisis, policymakers may deem it unfair to ask property owners to pay the same amount of property taxes from year to year as they experience sharp declines in the value of their property. That is particularly true as residents experience other hardships ranging from unemployment to higher medical bills, and as economic policies at the national and state level seek to put more money in the hands of consumers to encourage spending.

It is also worth noting that the all-but-certain onset of recession will slow new development in many communities. That, in turn, will restrain the ability of local officials to raise their levies to accommodate new crisis-related spending needs, assuming the state continues to link levy limits largely to new construction.

An immediate concern for many cities and villages is the almost certain substantial increase in delinquent property tax payments. While 2020 property tax bills were issued in December 2019 and some property owners paid those bills in full by the end of the year for tax purposes, most local governments give citizens the opportunity to pay their bills in installments during the first several months of the following year. Consequently, when the crisis hit, many governments had received only a portion of the taxes owed for 2020, and they may have difficulty collecting some unpaid amounts.

While creating an immediate cash flow challenge, unpaid property tax bills should not be as big a concern



for many municipalities over the longer term because they turn over their delinquencies on real property to their county government to collect and they are paid in full for the unpaid taxes. Counties may benefit from this arrangement – depending on their success in collecting – by also charging interest-based fees for late payments. Municipalities do collect delinquent taxes on personal property such as certain equipment, but that is for lesser amounts.

Milwaukee is one municipality that collects its own delinquent taxes and the city could be particularly vulnerable to a large financial hit if large numbers of delinquencies occur. The city typically covers delinquent property tax collections with short-term borrowing, which would cushion the blow for 2020. However, failure to collect on a vastly increased volume of delinquent tax collections would have more significant longer-term impacts for the city, as would a significant increase in the number of foreclosed properties.

Finally, Gov. Tony Evers has proposed waiving interest and penalties on delinquent property taxes owed in 2020 and letting municipalities collect this year's taxes in further installments. Both proposals could affect collections.

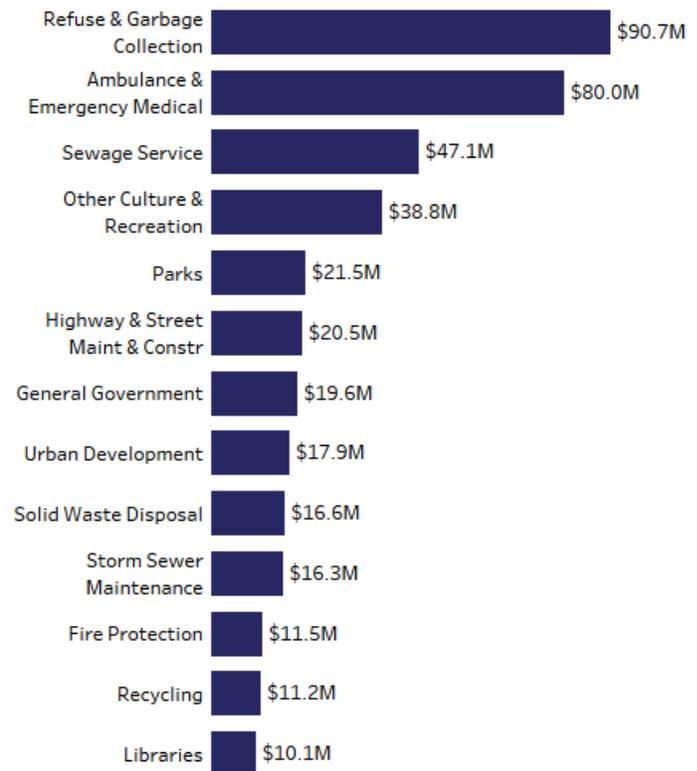
One final element related to property taxes is special assessments on property owners that are sometimes used by municipalities to help pay for street, sewer, water, lighting, and other improvements. While not categorized as property taxes (these are included in the "Other" category in Figure 1), special assessments typically are included on property tax bills and collections of these revenues may similarly suffer as property owners face financial turmoil. Cities and villages collected \$43.2 million in special assessments in 2018.

CHARGES FOR SERVICES

Charges for services – which are user fees and similar payments received by cities and villages for services like solid waste removal, bus rides, and admission to parks and cultural facilities – were the third largest source of general revenues for cities and villages in 2018, generating about \$480 million. In this discussion, we focus primarily on service charge revenues used for general government operations; fees that flow to proprietary funds established solely to support enterprises like sewers and airports are not included.

Fig 3: Myriad Public Service Charges Provide Revenue

Largest Public Charges for Services, All Cities and Villages



Source: Wisconsin Department of Revenue

However, it is worth noting that charges listed as general revenue by some local governments may be placed by others in proprietary funds. As shown in Figure 3, the range of such service charges is vast, with 13 specific types of charges generating at least \$10 million.

Fortunately, the largest sources of service charges appear to be less vulnerable to immediate and severe disruption from the COVID-19 crisis. For example, demand for the three largest areas of fee-based services – garbage collection, ambulance transport, and sewage – presumably would not be greatly affected by high unemployment rates or economic distress, although revenue from garbage and sewage fees may decline if there is a steep rise in foreclosed properties or decreased commercial or industrial use. Ambulance charges, on the other hand, unfortunately would not be expected to fall and could increase during the crisis.

Perhaps the biggest near-term challenge will be municipalities' ability to collect those fees as fewer individuals who are charged are able to pay them. Also,



some local governments may consider waiving interest and penalties on late payments for municipal fees, which currently may be a small but important form of revenue. For some municipalities, their county governments also will share this risk, as payments on delinquent taxes often are applied first to unpaid fees, thus reimbursing the municipality but adding to the amount of delinquent taxes left to be collected by the county.

Further down the list of fees shown in the figure we do see a handful of categories that are likely to suffer from the crisis. The most obvious are fees related to use of parks, libraries, and other recreation and cultural facilities (including zoos, museums, and marinas), which will decline considerably in light of stay-at-home and social distancing requirements for the foreseeable future. For most cities and villages, these are not large sources of revenue. However, as shown in Figure 4, for

areas that rely heavily on tourism, recreation and cultural fees can comprise between nearly 10% to more than 30% of total general municipal revenues.

FINES, FORFEITURES, LICENSES, AND PERMITS

Revenues collected from fines and forfeitures accounted for \$57 million (1%) of general city and village revenue collections in 2018, while those collected from licensing and permitting activities generated about \$153 million (2.7%). With regard to the former, the vast majority are derived from fines paid for municipal code and ordinance violations, such as speeding or parking tickets or possession of small amounts of marijuana. Meanwhile, the largest sources of municipal licensing/permitting fees are associated with building permits and inspections as well as business and occupation licenses related to activities like selling alcohol.

While not a major source of revenue for most cities and villages, these sources stand to be impacted significantly by the current crisis. For example, with far fewer people driving and parking, the issuance of traffic and parking violations may diminish sharply; that may be the case not only while stay-at-home and social distancing restrictions remain in place, but also over the longer term (though to a lesser degree) as fewer people commute to work amid high rates of unemployment. Also, new construction and business activity will be dampened, thus reducing the number of inspections and permits.

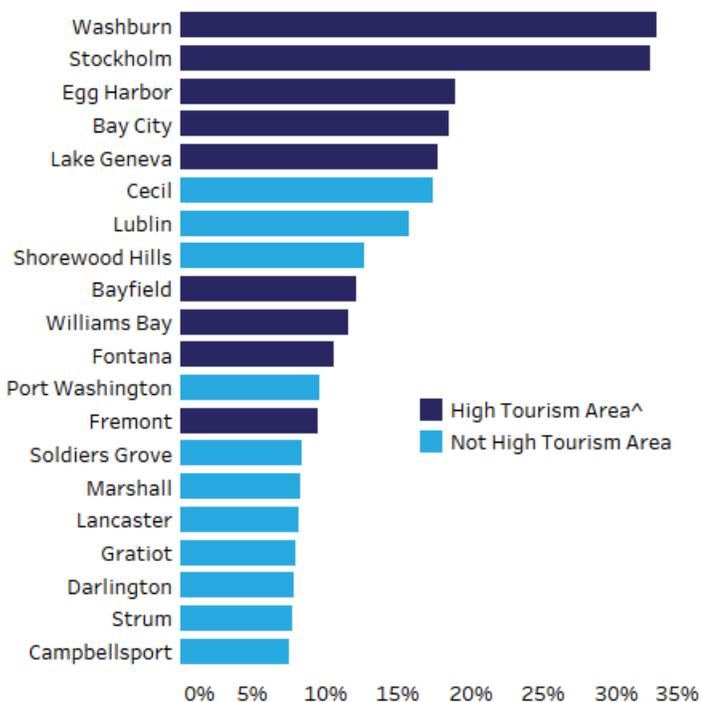
We examined the 20 largest cities and villages by population to gauge their vulnerability to substantial losses of fine, forfeiture, license, and permit revenue and found a high degree of variation (see Figure 5 on the following page). On the high end, these revenue sources comprised more than 5% of total revenues for Menomonee Falls and New Berlin in 2018, while on the low end they comprised closer to 2% for Milwaukee, Oshkosh, Wausau, and Beloit. The average for the 20 cities and villages is just under 4%.

ROOM AND RESORT TAXES

Tax collections from tourism-related activities are one of the areas that obviously stand to suffer most from the restrictions associated with the COVID-19 crisis. In 2018, cities and villages collected \$78.0 million in taxes from hotel and motel room stays. In addition, a

Figure 4: Tourism Areas Highly Reliant on Related Charges for Services

Municipal Charges for Potentially Tourism-Related Services*, 20 Highest Municipalities as % of General Revenue



*Includes parking lots, ramps, and meters; airports; docks and harbors; libraries; parks and museums; zoos; fairs, exhibits and celebrations; auditorium, convention and civic centers; community centers; and other culture

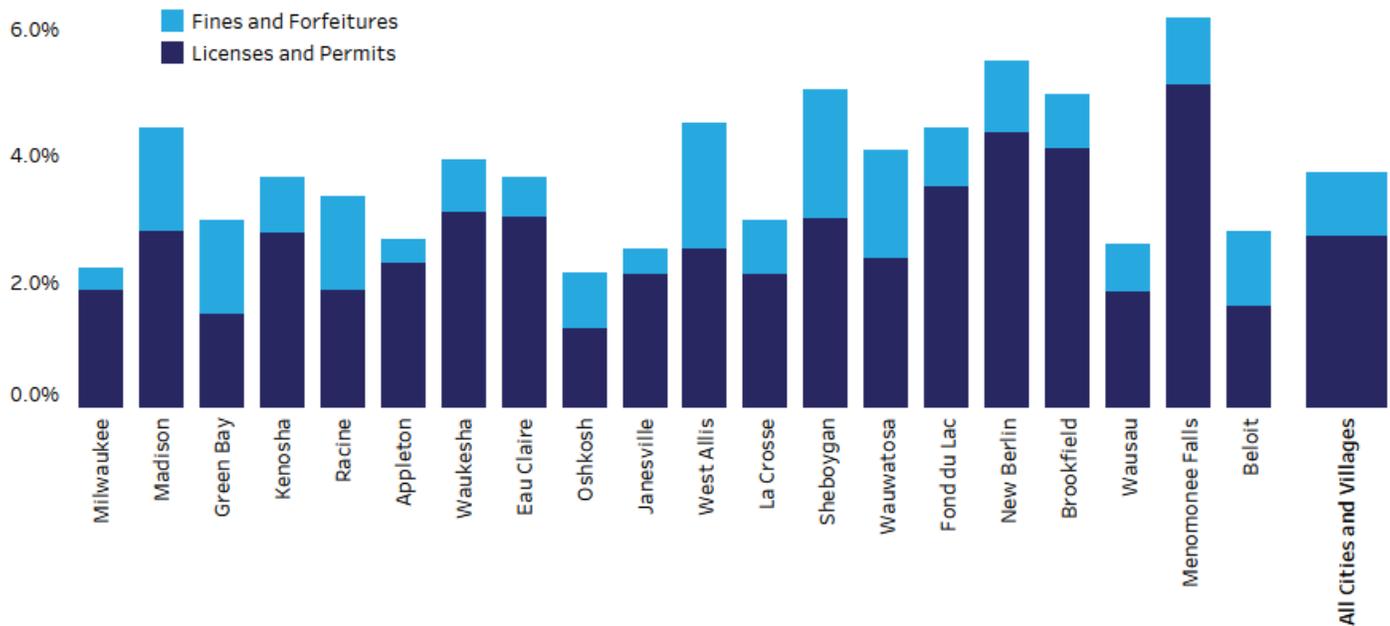
^Includes Door County, Wisconsin Dells, Lake Geneva, and popular lake and river areas

Source: Wisconsin Department of Revenue



Figure 5: Fines, Forfeitures, Licenses and Permits Small, But Important

Fines, Forfeitures, Licenses, and Permits as % of General Revenue, Largest 20 Cities and Villages



Source: Wisconsin Department of Revenue

handful of communities that are authorized to levy local sales taxes by virtue of their classification by the state as “premier resort areas” collected \$10.4 million from those taxes. Fortunately, the combined \$88.4 million in room and resort taxes represented only about 1.6% of city and village general revenues in 2018.

The room tax is levied on the cost of a hotel room but not on food or other lodging amenities. It is generally limited to a maximum rate of 8% and is imposed in addition to any applicable state and county sales taxes. The room tax is one of the few local taxes available to municipal governments in Wisconsin, though the proceeds must largely go to tourism promotion.

Cities and villages also may impose a “premier resort area” sales tax if at least 40% of their equalized property value is used by tourism-related retailers (some exceptions and special provisions also apply). Currently, four cities and three villages levy such a tax on applicable sales made by tourism-related retailers. The sales tax rate is 0.5% for five of the municipalities and 1.25% for Lake Delton and Wisconsin Dells.

While room and resort taxes comprise only a small proportion of total city and village revenue collections, for some communities the impact of vastly diminished collections will be substantial. Figure 6 on page 8 shows

that for premier resort communities in Door County and the Wisconsin Dells, these sources comprise upwards of a quarter of their overall revenue streams. The impact in those communities could be severe and difficult for them to absorb without state or federal assistance.

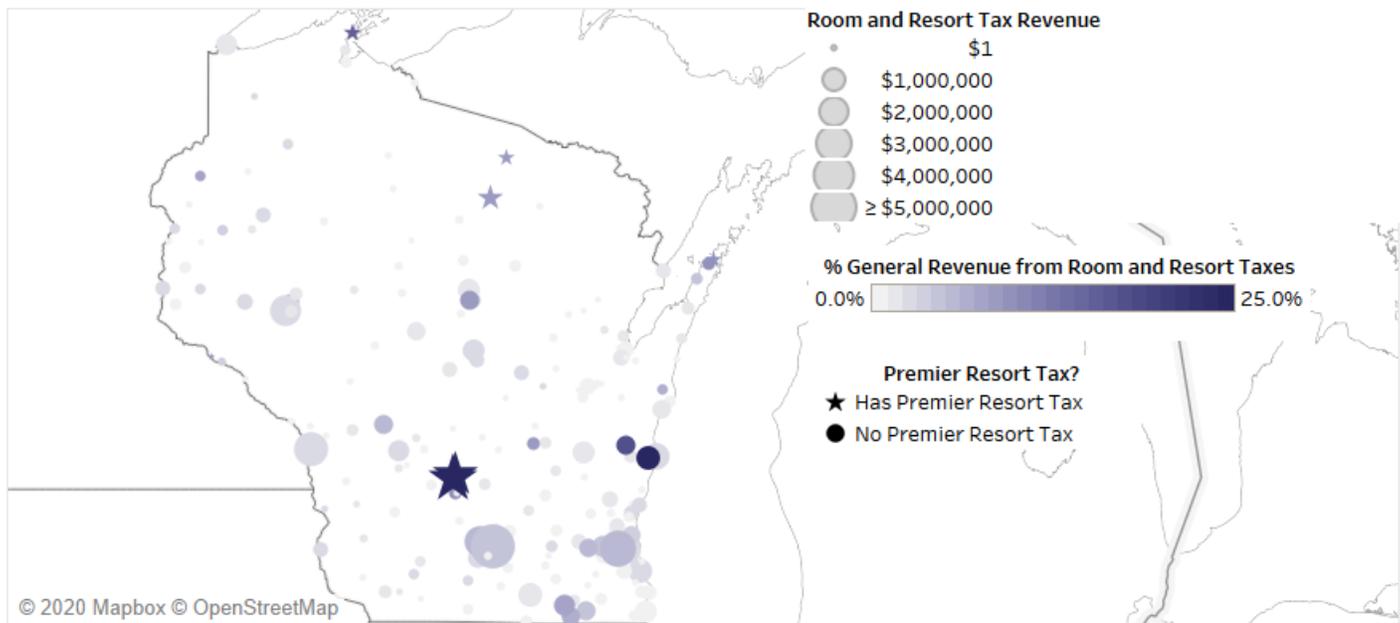
In addition, the revenue amounts collected in municipalities elsewhere in the state (including those in Milwaukee, Dane, La Crosse, and Eau Claire counties) are not insignificant. The city of Milwaukee is an exception here, as taxes on the city’s hotel and motel stays flow to the Wisconsin Center District. These figures also do not include room taxes collected by seven communities in Brown County that go toward a convention and expo center there.

THE BOTTOM LINE

The already challenging fiscal climate facing Wisconsin’s cities and villages undoubtedly will become far more difficult as the economic impacts of the COVID-19 crisis reverberate. Yet, the primary factors that have created municipal budget challenges over the past several years – heavy reliance on property taxes and state aids that have been constrained by state-imposed levy limits and the state’s own budget challenges – now appear advantageous for the time being. That is because, as discussed above, both of those sources are



Figure 6: Some Communities Rely Heavily on Room and Resort Taxes
Room and Resort (Sales) Tax Reliance by Amount and Share of General Revenue



Source: Wisconsin Department of Revenue

likely to be less vulnerable to sharp and immediate declines than the revenue streams on which state government and municipalities in some other states depend, most notably sales and income taxes.

Despite this fortuitous circumstance, cities and villages will experience negative impacts of varying degrees from loss of revenues generated by fees, fines, and permits. As one village administrator we interviewed noted, even a 5% decrease in a municipal government's total revenues can force policymakers to consider immediate cuts in staff and services, or potential property tax increases in future budgets.

Moreover, as we have shown in this report, some municipalities that are particularly dependent on revenues from tourism- and recreation-related activities are likely to see revenue hits of considerably more than 5%. As we noted in a recent [report](#), these communities also stand to suffer significant losses in private-sector jobs and employment.

The ability of individual cities and villages to weather their negative revenue impacts will be affected by the health of their general fund balances going into the crisis, as well as the extent to which COVID-19 impacts require both initial and prolonged additional spending on equipment and staff. The need for added spending

not only will be felt in obvious areas like emergency medical services, but also with regard to needs like enhanced technology for employees to work remotely, wage increases for certain high-risk positions, or one-time investments in health care equipment or facilities.

Furthermore, the sharp stock market downturn likely will create the need for increased contributions by cities and villages to the Wisconsin Retirement System. The prospect of increased pension payments will be an even greater threat to the city of Milwaukee, which administers its own pension plan that already faced a sizable unfunded liability before the stock market plunge.

A potentially positive factor is reimbursement or enhanced forms of aid that might be forthcoming from the state's share of the federal relief package or via direct state funding. The CARES Act is estimated to include nearly \$2.3 billion for Wisconsin, with at least \$1.9 billion going to the state and the rest available to its three largest local governments (\$103 million for the city of Milwaukee, \$165 million for Milwaukee County, and \$93 million for Dane County), according to [the Legislative Fiscal Bureau](#). At the state level, a relief package developed by Gov. Tony Evers – which has not

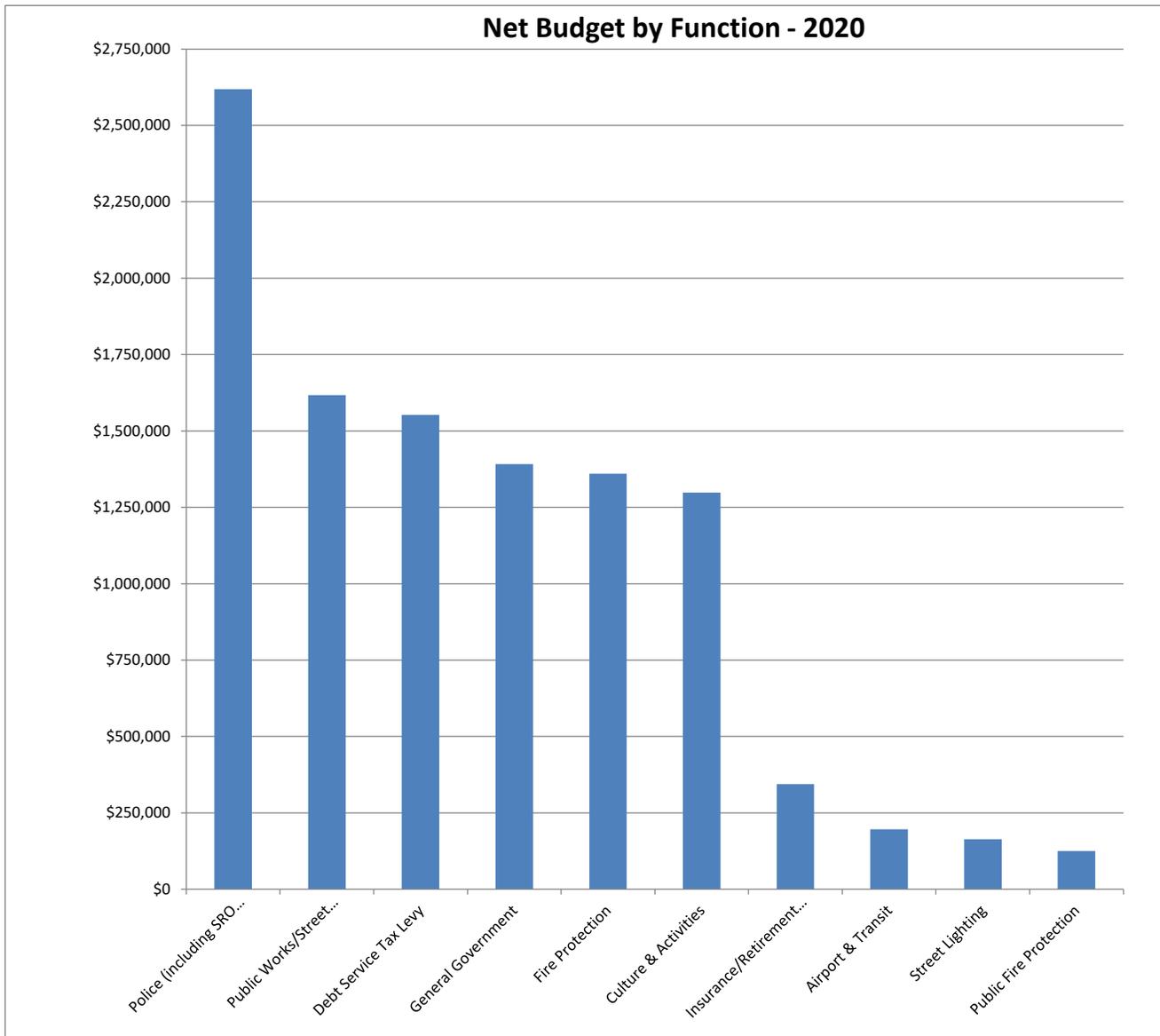


yet been acted upon – included a 1% increase in shared revenue payments.

Overall, while individual impacts will vary, most of Wisconsin's cities and villages will have to determine strategies to handle diminished revenue streams for the remainder of 2020 and will face far more difficult fiscal challenges than originally anticipated as they begin to prepare their 2021 budgets. Stay tuned for our next edition of *Taxpayer*, which will explore the outlook for county governments and the unique challenges they will face.



City of Merrill - Net Budget 2020
(Expenses minus Revenues)



City of Merrill - 2020 Net Budget

Police (including SRO 50%)	\$2,618,275	24.5%
Public Works/Street Dept	\$1,616,683	15.2%
Debt Service Tax Levy	\$1,552,201	14.6%
General Government	\$1,391,260	13.0%
Fire Protection	\$1,360,454	12.8%
Culture & Activities	\$1,298,198	12.2%
Insurance/Retirement Payouts	\$343,750	3.2%
Airport & Transit	\$195,989	1.8%
Street Lighting	\$163,775	1.5%
Public Fire Protection	\$125,160	1.2%
	<u>\$10,665,745</u>	

Culture & Activities

Marketing & Outside Agencies	\$66,750	5.1%
MEC - Enrichment	\$126,626	9.8%
T.B. Scott Library	\$514,645	39.6%
Parks & Recreation	\$590,177	45.5%
	<u>\$1,298,198</u>	100.0%

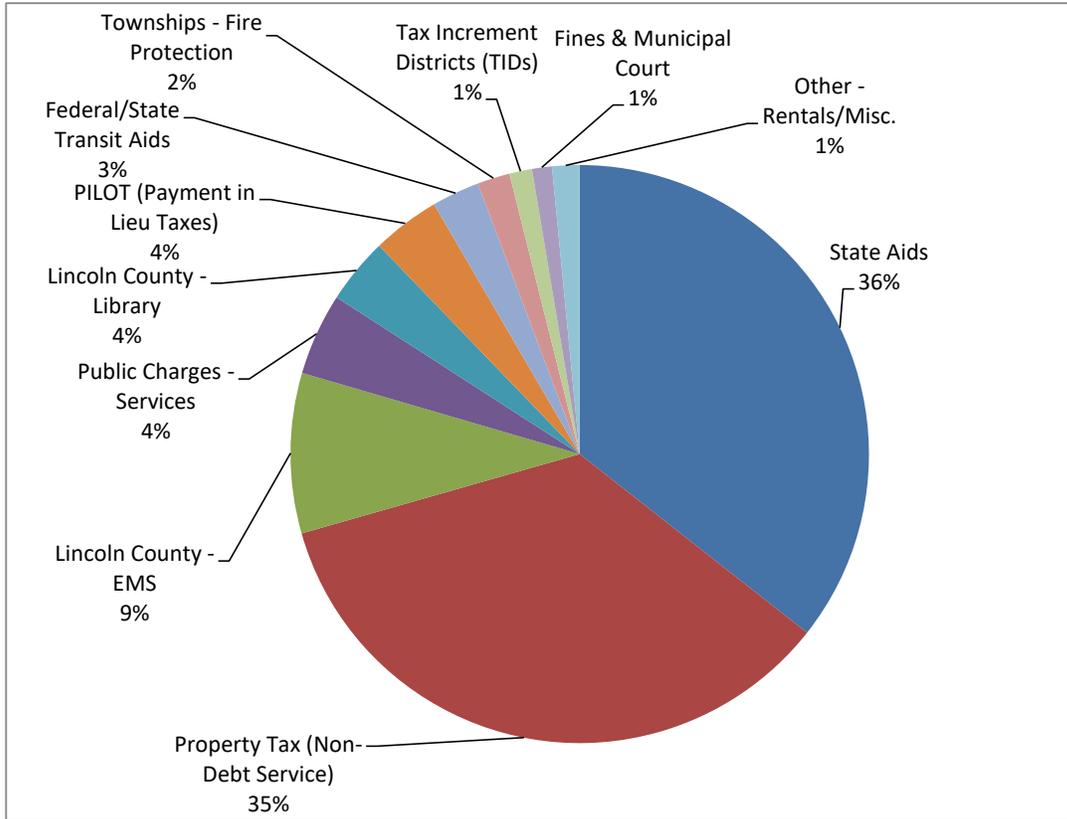
Joint Municipal Court **\$93,044 Expenses are covered entirely by offsetting Court Revenues**

Ambulance - EMS **\$1,091,000 Expenses are covered by Lincoln County (9 Paramedics)**

City of Merrill - 2020 Budget Revenues

General Fund - Tax-Levy Supported

(Without Debt Service Tax Levy)



State Aids	\$4,335,606	
Property Tax (Non-Debt Service)	\$4,257,801	
Lincoln County - EMS	\$1,091,000	
Public Charges - Services	\$558,700	
Lincoln County - Library	\$449,305	
PILOT (Payment in Lieu Taxes)	\$462,000	Water Utility & Merrill Housing Authority
Federal/State Transit Aids	\$325,000	
Townships - Fire Protection	\$221,899	
Tax Increment Districts (TIDs)	\$154,100	
Fines & Municipal Court	\$135,490	
Other - Rentals/Misc.	\$186,350	
	<hr/>	
	\$12,177,250	

Attachment: Merrill Revenues - 2020 Budget (4999 : Consider any budget saving ideas)

City of Merrill - Transit Fiscal 2020

The City of Merrill receives significant Federal and State of Wisconsin funding with local matching funding (i.e. through Fares and City Tax Levy).

Federal CARES legislation awarded \$574,775 to the City of Merrill Transit:

-Effective 1/20/2020 (When Federal emergency declared)

-For perspective, City of Merrill received \$214,319 in Federal funding in 2019. So, the CARES grant is **almost 2.7 times** that funding level.

Fiscal Plan:

Maximize available Federal and State grant funding. State 85.20 funding requires a local 20% match (from Fares and City Tax Levy).

Federal CARES funding can cover 100% of net operating expenses (i.e. after 1/20th and after the State 85.20 expenses).

The 2020 Transit Net Budget (Tax Levy) is for \$76,495. It is too premature to forecast what 12/31/2020 actual will be; however, should be less than \$51,496 depending upon future 2020 Transit Fare Revenues. **About \$25,000 savings.**

Assumptions include potentially lower summer riders, some increase when new transit buses received/operational, and MAPS back to school in Fall 2020.

Revenues - through 5/15/2020:

Federal Aid	4th Quarter 2019	\$48,073
State Aid	1st Quarter 2020	\$17,308
Fares		\$31,223
Ins Credit	Transit Mutual Ins.	\$3,019
		\$99,622 Total Revenues

Expenses - through 5/15/2020:

Personnel & Benefits	\$136,897
Utility Charges	\$1,298
Supplies & Expenses	\$19,154
Insurances & Office Lease	\$16,945
Technology (Software & MDT*)	\$3,011
\$177,305 Total Expenses	

*Mobile Data Terminals on buses

\$77,682 Net Operating**

**With additional Federal & State Aids pending

Prepared by: Finance Director Kathy Unertl

Attachment: Transit 2020 Fiscal - May 15th (5000 : Financial aspects of having Transit closed)



CITY OF MERRILL

Office of the City Attorney

Thomas N. Hayden, City Attorney

1004 East First Street • Merrill, Wisconsin • 54452

Phone (715) 539-3510 • FAX (715) 536-0514

e-mail: tom.hayden@ci.merrill.wi.us

M E M O R A N D U M

DATE: April 29, 2020
TO: Council Members
FROM: City Attorney Thomas N. Hayden
RE: Festival Grounds Manager Contract (attached)

The contract is either “enforced” or “cancelled”. I call your attention to the 60 day notice provision. There was discussion regarding a furlough. The contract has no provisions for a “furlough”. I also suggest that this matter be put on the Festival Grounds Committee meeting agenda.

“Focusing on the Future”

An equal opportunity/affirmative action employer.

Attachment: FGM Contract Memo (5003 : Consider furloughing of Festival Grounds Manager position)

CITY OF MERRILL FESTIVAL GROUNDS MANAGER AGREEMENT

THIS AGREEMENT, made and entered into by and between the City of Merrill, a municipal corporation ("City") and Richard Bjorklund ("Festival Grounds Manager"), is subject to the terms and conditions set forth herein:

I. DUTIES AND RESPONSIBILITIES

The FESTIVAL GROUNDS MANAGER, is generally being contracted to plan, organize, lead and administer all activities for the City of Merrill Festival Grounds in accordance with State Laws and City Ordinances. He shall positively promote and coordinate events utilizing the City of Merrill Festival Grounds facilities, and ensure the effective and efficient use of labor, funds, material and time.

EXAMPLES OF DUTIES: Plans, organizes, directs, coordinates, and administers the City of Merrill Festival Grounds; develops and recommends goals, objectives and policies; prepares and administers the budget recommended by the City of Merrill Common Council; controls fiscal expenditures and revenues; formulates rules and regulations for lessees and the public; rents commercial exhibit space; prepares and administers bid processes for carnivals, vendors, and other contract services; negotiates contracts and agreements; arranges for special attractions and events; plans and carries out the Festival Grounds programs; selects and contracts for judges, when necessary; makes arrangements for adequate police, fire, first aid, and sanitary facilities; promotes and advertises for City of Merrill Festival Grounds activities through a variety of media, including the press and radio; participates in community activities or civic groups; encourages and arranges for the use of the City of Merrill Festival Grounds and buildings on a year-round basis; ensures proper maintenance of fiscal and other records in accordance with applicable regulations; cooperates with a variety of State, County, and local agencies.

II HOURS OF WORK

The parties understand and agree that this contract is for part time services. It occasionally requires the Festival Grounds Manager to work before and beyond scheduled business hours, and on weekends and holidays.

III COMPENSATION

For the services rendered pursuant to this agreement the City will provide the Festival Grounds Manager with a monthly compensation of One Thousand Dollars (\$1,000.00) which will be paid bi-monthly about the 15th of and the end of the month.

IV TERM/TERMINIATION

This agreement is effective March 1, 2016, and will continue in full force and effect until either party gives the other party at least two (2) months prior written notice of termination.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands and seals the day and year so noted.

CITY OF MERRILL

Dated: April 8, 2016

Dated: April 8, 2016

BY: William R. Bialecki
William R. Bialecki, Mayor

By: Richard Bjorklund
Richard Bjorklund

BY: William N. Heideman
William N. Heideman, City Clerk

Attachment: FGM Contract Memo (5003 : Consider furloughing of Festival Grounds Manager position)

CITY OF MERRILL
1004 EAST FIRST STREET
MERRILL, WI 54452-2586

AN ORDINANCE: by Mayor Woellner
Re: Amending Chapter 18, Article II, Section 18-21

ORDINANCE NO. 2020-
Introduced: January 14, 2020
1st Reading: _____
2nd Reading: _____
3rd Reading: _____
Committee/Commission Action:
DIRECTLY BY MAYOR WOELLNER

Attachment: Ordinance on Budget Policy (5004 : Ordinance to limit tax rate increase in annual City budgets)

AN ORDINANCE

The Common Council of the City of Merrill, Wisconsin, does ordain as follows:

Section 1. Chapter 113, Article V, Section 113-138, 139, 140 of the Code of Ordinances for the City of Merrill is amended as follows:

Sec. 18-21. - City budget.

(a) *Departmental estimates.* On or before September 1 of each year, each officer, department, board and committee shall file with the director of finance an itemized statement of disbursements made to carry out the powers and duties of such officer, department, board or committee during the preceding fiscal year, and a detailed statement of the receipts and disbursements on account of any special fund under the supervision of such officer, department, board or committee during such year, and of the conditions and management of such fund; also detailed estimates of the same matters for the current fiscal year and for the ensuing fiscal year. Such statements shall be presented in the form prescribed by the city and shall be designated as departmental estimates, and shall be as nearly uniform as possible for the main division of all departments.

(b) *Consideration of estimates.* The personnel and finance committee shall consider such departmental estimates in consultation with the department head, recommend to the common council a budget amount for such department or activity.

(c) *Proposed budget.* On or before October 20, the personnel and finance committee shall prepare and submit to the common council a proposed budget presenting a financial plan for conducting the city's affairs for the ensuing calendar year. The budget shall include the following information:

- (1) The expense of conducting each department and activity of the city for the ensuing fiscal year and last preceding fiscal year, with reasons provided for increase and decrease recommended as compared with appropriations for the current year.
- (2) An itemization of all anticipated income from the city from sources other than general property taxes and bonds issued, with a comparative statement of

the amounts received by the city from each of the same, or similar sources for the last preceding and current fiscal year.

(3) An estimate of the amount of money to be raised from general property taxes which, with income from other sources, will be necessary to meet the proposed expenditures, while keeping any tax rate increase percentage less than the Social Security Cost-Of-Living Adjustment for that levy year.

(4) Such other information as may be required by the common council and by state law.

(d) *Copies of budget.* The director of finance shall provide a reasonable number of copies of the budget summary thus prepared for distribution to the citizens. The entire fiscal budget shall be available for public inspection in the office of the director of finance during regular office hours.

(e) Hearing.

(1) The personnel and finance committee shall submit to the common council, at the time the annual budget is submitted, the draft of an appropriation ordinance providing for the expenditures proposed for the ensuing fiscal year. Upon the submission of the proposed appropriation ordinance to the common council, it shall be deemed to have been regularly introduced therein.

(2) A summary of such budget and notice of the time and place where such budget and detail is available for public inspection, and notice of the time and place for holding the public hearing thereof, shall be published in the official newspaper of the city at least 15 days prior to the time of such public hearing.

(3) Not less than 15 days after the publication of the proposed budget, and the notice of hearing thereof, the public hearing shall be held at the time and place stipulated, at which time any resident or taxpayer of the city shall have an opportunity to be heard on the proposed budget. The budget hearing may be adjourned from time to time.

(4) Following the public hearing, the proposed appropriation ordinance may be changed or amended and shall take the same course in the common council as other ordinances.

Section 2 Severability. In the event any section, subsection, clause, phrase or portion of this ordinance is for any reason held illegal, invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remainder of this ordinance. It is the legislative intent of the Common Council that this ordinance would have been adopted if such illegal provision had not been included or any illegal application had not been made.

Section 3 Repeal and Effective Date. All ordinances or parts of ordinances and resolutions in conflict herewith are hereby repealed. This ordinance shall take effect from and after its passage and publication.

Moved by: _____

Adopted: _____

Approved: _____

Published: _____

Attachment: Ordinance on Budget Policy (5004 : Ordinance to limit tax rate increase in annual City budgets)

Approved:

Derek Woellner, Mayor

Attest:

William N. Heideman, City Clerk

Attachment: Ordinance on Budget Policy (5004 : Ordinance to limit tax rate increase in annual City budgets)



City of Merrill

Kathy Unertl, Finance Director

1004 East 1st Street • Merrill, Wisconsin • 54452

Phone: 715.536.5594 • Fax: 715.539.2668

e-mail: Kathy.Unertl@ci.merrill.wi.us

Date: March 16th, 2020

To: Personnel & Finance Committee

From: Kathy Unertl, Finance Director *Kathy Unertl*

RE: Follow-up on 2021 budget discussion items

The Budget Ordinance amendment proposed by Mayor Derek Woellner at the January 14th, 2020 Common Council meeting is inconsistent with Wisconsin Status – specifically, 65.07 – Power of council to levy taxes and 65.90 – Municipal budgets. **The Common Council adopts budgets and Tax Levy amounts.** I have attached the following for review:

- Personnel & Finance Committee meeting minutes from February 25th, 2020, as well as the Common Council meeting minutes from January 14th, 2020 (and draft proposed Ordinance Amendment).
- Wisconsin Statutes – Chapter 65
- League of Wisconsin Municipalities article on Municipal Budgeting (July 2015)
- Lincoln County Finance Committee – 2021 Budgetary Guidelines (3/17/2020)

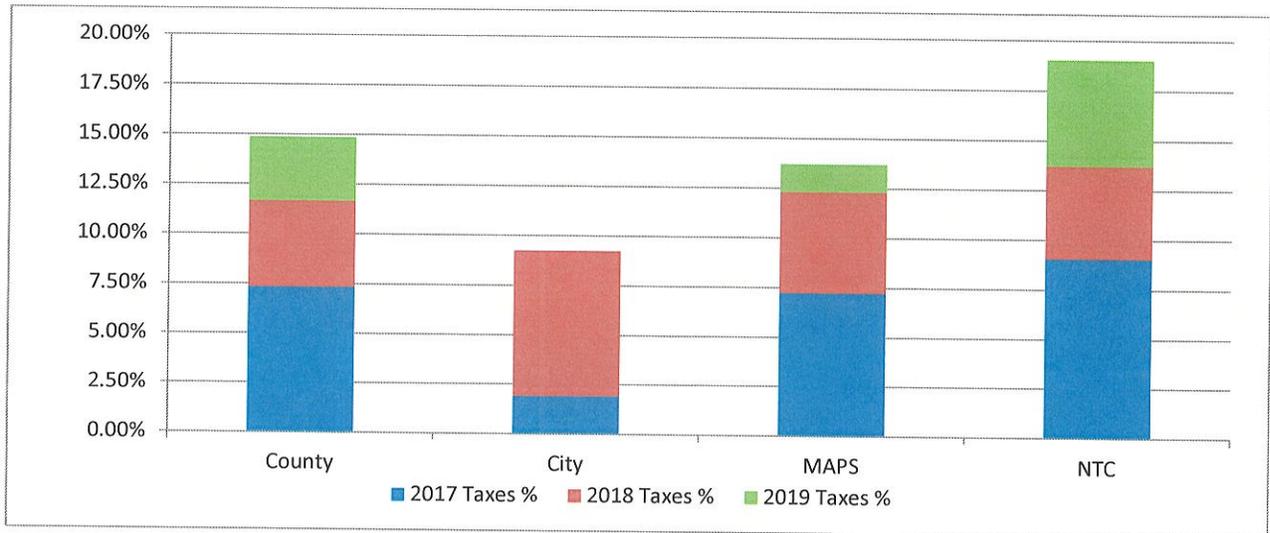
What is the Mayor, Personnel & Finance Committee, and Committee of Whole objective? Is something comparable to Lincoln County information (with later timeframe deadlines) what you are looking for?

Attached to this memo is a chart showing Tax Rate % Changes from 2017 through 2019 Tax Bills. **The City of Merrill's tax rate % was the lowest of the four taxing entities.**

As I stated in several 2020 Budget Committee of Whole meetings, the large 2018 City of Merrill tax rate % was due to the City Assessor overestimate of 2016 Tax Increment District (TID) valuations; the 2017 Wisconsin DOR adjustments between TIDs and City; and then the rebound impact in 2018 from the prior two tax years.

Lincoln County Land Records - Real Estate Taxes

Tax Rate % Changes - 2017 through 2019 Taxes



Tax Bill	Lincoln County	City of Merrill	Merrill Area Public Schools	Northcentral Tech College
2017	7.33%	1.90%	7.21%	9.05%
2018	4.34%	7.35%	5.10%	4.68%
2018	3.20%	0.00%	1.40%	5.30%
Total - 2017 to 2019	14.87%	9.25%	13.72%	19.03%
Average - Three Years	4.96%	3.08%	4.57%	6.34%

Attachment: Ordinance on Budget Policy - Follow-up 2021 Budget (5004 : Ordinance to limit tax rate increase in annual City budgets)



CITY OF MERRILL
PERSONNEL AND FINANCE COMMITTEE
MINUTES • TUESDAY FEBRUARY 25, 2020

Regular Meeting

City Hall Council Chambers

5:00 PM

I. Call to Order

Alderman Russell called the meeting to order at 5:00 P.M.

Attendee Name	Title	Status	Arrived
Rick Blake	Aldersperson - Third District	Present	
Paul Russell	Aldersperson - First District	Present	
Steve Osness	Aldersperson - Fourth District	Present	

Others in attendance: Mayor Derek Woellner (arr. 5:02), City Administrator Dave Johnson, Finance Director Kathy Unertl, City Attorney Tom Hayden, Alderman Steve Hass, Alderman Steve Sabatke, Fire Chief Josh Klug, Dean Dietrich and City Clerk Bill Heideman. Hunter Lane was in attendance to videotape the meeting for Merrill Productions.

II. Vouchers:

1. Vouchers

The vouchers were in the meeting packet.

Finance Director Unertl answered questions related to the vouchers.

Motion (Osness/Blake) to approve.

RESULT:	APPROVED
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III. Agenda items for consideration:

1. 2021 budget discussion items

Alderman Russell began 2021 budget discussion by stating that it is "never too early" to begin consideration of the next year's budget. An ordinance related to budget policy will ultimately be discussed by the Committee of the Whole, but the Personnel and Finance Committee can certainly have input as well. It was decided that the budget policy ordinance would be on the March Personnel and Finance Committee meeting agenda.

General options related to budget policy were then discussed, followed by discussion on employee health insurance.

Finance Director Unertl mentioned that it is important to have the Capital portion of the budget completed as soon as possible after the new Common Council is seated and been given orientation.

Options on the number of budget meetings to hold was then discussed.

*Draft
from 1/14/2020 Council*

Discussion was then held on Open Meetings and Open Records laws. Mayor Woellner suggested the possibility of "virtual" budget meetings.

Alderman Hass stated his opinion that holding an "all day budget meeting" seemed to work well in the past.

No action was taken at this time.

IV. Monthly Reports:

1. Municipal Court

The report was in the meeting packet.

2. Finance Director Unertl

The report was in the meeting packet.

Finance Director Unertl reported that the auditors will be in town at the beginning of March. It was noted that the composition of the Redevelopment Authority has changed lately.

3. City Attorney Hayden

The report was in the meeting packet.

4. City Clerk Heideman

The report was in the meeting packet.

City Clerk Heideman urged anyone that wants to register to vote to do some prior to election day.

5. City Administrator Johnson

The report was in the meeting packet.

In the near future, the Festival Grounds Committee will have discussions related to buildings at the Festival Grounds.

6. Consider placing monthly reports on file

Motion (Osness/Blake) to place on file.

RESULT:	PLACED ON FILE
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V. Establish date, time and location of next regular meeting

Tuesday, March 24th, 2020 at 5:00 P.M. in the City Hall Common Council Chambers.

VI. Public Comment Period

None.

VII. Closed sessions:

Motion (Blake/Osness) to convene in closed session. Motion carried 3-0 on roll call vote. Convened in closed session at 5:30 P.M.

RESULT:	CARRIED
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8. General agenda items:
- Employee Years of Service Recognition:
Kathryn M. Seubert, 40 Years (Clerk/Treasurer office)
City Clerk Heideman read a certificate of recognition for Kathy Seubert.
9. Health and Safety Committee:
- Application from Rotary Club of Merrill for a temporary "Class B" (picnic) license to sell wine at the Bell Tower Residence Artisan Showcase at Bell Tower Assisi Hall, 1500 O'Day Street, on Saturday, February 8, 2020. Alderman Hass is bringing this application directly to the Common Council.
Motion (Hass/Rick) to approve.

RESULT:	APPROVED
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10. Water and Sewage Disposal Committee:
- Consider 3.0% adjustment to Water & Sewage Service Fees for 2020. The Water and Sewage Disposal Committee recommends approval.
Motion (Norton/Sabatke) to approve.

RESULT:	APPROVED
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11. Placing Committee Reports on File:
- Consider placing the following committee reports on file: Committee of the Whole, Festival Grounds Committee, Library Board, Merrill Enrichment Center Committee, Redevelopment Authority and Water and Sewage Disposal Committee.
Motion (Norton/Van Lieshout) to place on file.

RESULT:	PLACED ON FILE
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12. Ordinances:
- An Ordinance amending Chapter 18, Article II, Section 18-21, related to policy to limit tax rate increase in annual City budgets. Mayor Woellner is bringing this ordinance directly to the Common Council.
City Attorney Hayden gave the ordinance a first reading by title only and then provided a verbal synopsis of the ordinance.

Motion (Hass/Osness) to refer the ordinance to the Committee of the Whole, to be considered at a meeting to be held after the April election and Common Council reorganization. Motion carried 6-2 on roll call vote. Voting No - Alderman Russell and Alderman Norton.

CITY OF MERRILL

1004 EAST FIRST STREET
MERRILL, WI 54452-2586

AN ORDINANCE: by Mayor Woellner
Re: Amending Chapter 18, Article II, Section 18-21

ORDINANCE NO. 2020-
Introduced: January 14, 2020
1st Reading: _____
2nd Reading: _____
3rd Reading: _____
Committee/Commission Action:
DIRECTLY BY MAYOR WOELLNER

AN ORDINANCE

The Common Council of the City of Merrill, Wisconsin, does ordain as follows:

Section 1. Chapter 113, Article V, Section 113-138, 139, 140 of the Code of Ordinances for the City of Merrill is amended as follows:

Sec. 18-21. - City budget.

(a) *Departmental estimates.* On or before September 1 of each year, each officer, department, board and committee shall file with the director of finance an itemized statement of disbursements made to carry out the powers and duties of such officer, department, board or committee during the preceding fiscal year, and a detailed statement of the receipts and disbursements on account of any special fund under the supervision of such officer, department, board or committee during such year, and of the conditions and management of such fund; also detailed estimates of the same matters for the current fiscal year and for the ensuing fiscal year. Such statements shall be presented in the form prescribed by the city and shall be designated as departmental estimates, and shall be as nearly uniform as possible for the main division of all departments.

(b) *Consideration of estimates.* The personnel and finance committee shall consider such departmental estimates in consultation with the department head, recommend to the common council a budget amount for such department or activity.

(c) *Proposed budget.* On or before October 20, the personnel and finance committee shall prepare and submit to the common council a proposed budget presenting a financial plan for conducting the city's affairs for the ensuing calendar year. The budget shall include the following information:

(1) The expense of conducting each department and activity of the city for the ensuing fiscal year and last preceding fiscal year, with reasons provided for increase and decrease recommended as compared with appropriations for the current year.

(2) An itemization of all anticipated income from the city from sources other than general property taxes and bonds issued, with a comparative statement of

Attachment: Ordinance on Budget Policy (4752) - Ordinance on Policy Limiting Annual Increase in Annual City Budgets
Attachment: Ordinance on Budget Policy - Follow-up 2021 Budget (5004) : Ordinance to limit tax rate increase in annual City budgets)

CHAPTER 65

MUNICIPAL BUDGET SYSTEMS

<p>65.01 Application of this chapter. 65.02 Definitions. 65.025 Biennial budget procedures. 65.03 Departmental estimates. 65.04 Meetings of board of estimates. 65.05 Adoption of budget; changes, how made.</p>	<p>65.06 Funds, how expended. 65.07 Power of council to levy taxes. 65.10 City officers to pay receipts monthly. 65.20 Executive budget procedures in cities of the 1st class. 65.90 Municipal budgets.</p>
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65.01 Application of this chapter. The common council of any city of the 2nd, 3rd, or 4th class may by ordinance adopted by three-fourths of all its members accept the provisions of ss. 65.02, 65.025, 65.03 and 65.04 which when so accepted shall be in full force and effect as to any such city. Except as above provided ss. 65.01 to 65.20 shall apply only to cities of the 1st class.

History: 1977 c. 109; 2019 a. 42.

65.02 Definitions. (1) **DEPARTMENT.** In this chapter “department” or “departments” means any department, board, commission or other body under the control of the common council which expends city funds or incurs obligations for the city, and unless otherwise expressed refers to the head of such department.

(2) **ESTIMATE.** The term “estimate” as used in this chapter shall include any written report of or the request of any department setting forth in detail the various sums and purposes it deems reasonably necessary to perform its functions.

(3) **BOARD OF ESTIMATES.** The board of estimates shall be the mayor, the president of the common council, comptroller, treasurer, city attorney, commissioner of public works and the members of the finance committee of the common council.

(4) **PRESIDENT AND SECRETARY.** The mayor shall be president of the board and the comptroller shall be the secretary. The secretary shall keep a record of the proceedings of the board and perform such other duties as may be required by the board.

(5) **BUDGET.** The budget shall provide a complete financial plan for the ensuing budget period. It shall contain in tabular form, for each fiscal year:

- (a) A general summary;
- (b) Detailed estimates of all anticipated revenues applicable to proposed expenditures;
- (c) All proposed expenditures;
- (d) A compensation schedule to provide uniform rates of pay for offices and positions in the city service. The total of such proposed expenditures shall not exceed the total of such anticipated revenues.

(5m) **BUDGET PERIOD.** In ss. 65.01 to 65.20, “budget period” means 2 consecutive fiscal years covered by a biennial budget adopted by a city that has acted under s. 62.025 [s. 65.025], or an annual budget for any other city that has not acted to adopt a biennial budget under s. 65.025.

NOTE: The correct cross-reference is shown in brackets. Corrective legislation is pending.

(6) **BUDGET SUMMARY.** (a) For a budget period, the budget summary shall itemize the principal sources of anticipated revenues and shall state separately the amount to be raised by property tax, and the proposed expenditures of each department, bureau, board and commission in such manner as to present to the public a simple and clear summary of the detailed estimates of the budget.

(b) For a budget period, the budget summary shall also include all of the following:

1. The total amount of budgeted expenditures for the current year.

2. The proposed amount of total expenditures and the percentage change compared to the amount in subd. 1.

3. The property tax levy for the current year.

4. The proposed property tax levy and the percentage change compared to the amount in subd. 3.

(7) **ANTICIPATED REVENUES.** Anticipated revenues shall be classified as “surplus”, “miscellaneous revenues” and “amount to be raised by property tax”; miscellaneous revenues shall be listed by the sources from which such revenues are to be derived.

(8) **PROPOSED EXPENDITURES.** For a budget period, separate provisions shall be included in the proposed budget for at least:

(a) The administration, operation and maintenance of each department, bureau, board, commission and division thereof, itemized by kind and nature of expenditure as required by the board of estimates.

(b) The number, title and compensation range of each officer, and of each position and the proposed appropriation for the same shall be itemized according to the divisions in each department, bureau, board and commission and shall be incorporated in and published with the rest of the proposed budget.

(c) Expenditures proposed for improvements.

(9) **UNIFORM COMPENSATION SCHEDULE.** The compensation schedule shall provide for and establish uniform rates of pay for offices and positions in the city service to be in effect for the ensuing fiscal year.

(10) **PROPOSED EXPENDITURES; COMPARISON WITH OTHER YEARS.** The board of estimates shall direct that there be placed opposite the several items of proposed expenditures for the ensuing budget period, adequate comparisons with the budgets and expenditures of other years.

(11) **ANTICIPATED REVENUES; COMPARISON WITH OTHER YEARS.** The board of estimates shall direct that there be placed opposite the several items of anticipated revenues for the ensuing budget period, adequate comparisons with the anticipated revenues and receipts of other years.

History: 1971 c. 154; 1989 a. 31; 1991 a. 316; 2019 a. 42.

65.025 Biennial budget procedures. (1) A city may adopt a biennial budget by implementing the procedures under this section and using the procedures under ss. 65.02 to 65.20. If a city chooses to adopt a biennial budget, it shall adopt such a budget in an odd-numbered year for the next 2 fiscal years that follow immediately the year in which the budget is adopted.

(2) For a city to proceed under this section, the common council shall adopt a resolution or enact an ordinance stating its intent to adopt a biennial budget. Once a resolution is adopted or an ordinance is enacted, such an action takes effect and may not be reconsidered or repealed, except as provided in sub. (3).

(3) A common council that has adopted a biennial budget procedure as provided in this section may return to the use of an annual budget procedure if the common council, by a two-thirds majority vote, adopts a resolution or enacts an ordinance stating its intent to adopt an annual budget.

65.025 MUNICIPAL BUDGET SYSTEMS

Updated 17–18 Wis. Stats. 2

(4) A common council or a committee authorized by the common council may, at any time, decrease appropriation amounts in a biennial budget.

(5) In October or November of an even-numbered year, the common council may change any appropriation or revenue amount in relation to the 2nd year of the biennial budget by a simple majority vote of the members-elect, as defined in s. 59.001 (2m).

History: 2019 a. 42; s. 35.17 correction in (2), (5).

65.03 Departmental estimates. (1) It shall be the duty of each department to file with the secretary of the board of estimates not later than August 1 of each year on forms approved by the board of estimates an estimate in detail of the department's needs for the ensuing fiscal year, including a statement of any permanent improvements to be made and an estimate of expenditures therefor, and including such information supplied in such form as the board of estimates may direct. If the city is using biennial budgeting, the forms described in this subsection shall also detail the changes between the first and 2nd year of the biennium.

(2) Any department whose funds are not subject to the control of the common council may include in its estimate such sum as it may deem reasonably necessary for a contingent fund for emergency purposes or other purposes which may arise during the year requiring the expenditure of money in addition to the sums provided for the several purposes or for purposes for which no express provision is made in the budget.

History: 2019 a. 42.

65.04 Meetings of board of estimates. (1) **MEETING; REPORT OF ESTIMATES.** The board of estimates shall meet not later than September 10 of each year. The secretary shall place before the board the reports of estimates filed with the secretary by the departments together with the comptroller's statement of anticipated revenues for the ensuing budget period, or the 2nd year of a biennium in an even-numbered year, and the adequate comparisons with other years as provided in s. 65.02 (5) to (11). The budget summary shall be published forthwith in at least one and not more than 2 daily newspapers having the largest circulation in the city as a class 1 notice, under ch. 985, and in the proceedings of the common council; and a copy of the entire proposed budget shall be available for public inspection in the office of the city comptroller.

(2) **PROPOSED BUDGET; PUBLICATION OF SUMMARY.** From the estimates before it the board shall make and submit to the common council, on or before October 25 each budget period, a proposed budget setting forth in detail the amounts proposed to be spent by each department and the various purposes therefor and the amounts of money for each purpose it is proposed shall be appropriated by the council. The proposed budget shall comply with s. 65.02 (5) to (11). The budget summary shall be published forthwith in at least one and not more than 2 daily newspapers having the largest circulation in the city as a class 1 notice, under ch. 985, and the proposed budget summary shall be printed forthwith in the proceedings of the common council. If any department fails to file its estimates as herein provided the board shall make a proposed budget for such department specifying the purposes for which and the amount of funds such department may expend.

(3) **CHANGES BY BOARD.** The board shall not change any sum or purpose of any department which by law is authorized to determine the purposes of its expenditures and the tax to be levied therefor, unless such department by formal resolution shall so determine by an affirmative vote of a majority of its members, when the board shall then make the change and include a certified copy of such resolution with its estimates to be filed with the common council.

(4) **CONTINGENT FUND.** In addition to the purposes required to be set forth in detail the board may provide a contingent fund for such sum as they may deem reasonably necessary for emergency and other purposes that may arise during the budget period requiring the expenditure of money in addition to the sums provided for

the several purposes, and for purposes for which no express provision is made in the budget.

(5) **BONDS; MORTGAGE CERTIFICATES.** The board shall also include in its budget the amount of bonds, the purposes therefor, and the required mortgage certificates to be issued during the budget period, except such bonds as are authorized to be omitted by express provision of law.

(6) **MEETINGS PUBLIC.** All meetings of the board shall be public.

(7) **PUBLICATION OF NOTICE OF PUBLIC HEARINGS.** At the meeting of the common council at which the proposed budget is submitted by the board of estimates, the common council shall determine the place and time of a public hearing on the budget which shall be held jointly by the common council and by the board of estimates not less than 10 days after the publication provided in s. 65.04 (2), nor later than November 10. The common council shall cause a notice of the place and time of said hearing to be published as a class 1 notice, under ch. 985, which hearing shall be not less than 7 days after the date of the last publication of said notice in at least one and not more than 2 daily newspapers having the largest circulation in the city.

(8) **DUTIES OF THE FINANCE COMMITTEE.** The finance committee of the common council shall submit to the common council as soon after October 25 as may be practicable, but not later than November 20, a report or reports showing the number, title, compensation range of each officer and each position in the city service:

(a) The number, title and compensation range of each officer and each position in the city service and the proposed appropriation for the same recommended for the ensuing year; and

(b) A recommended compensation schedule of uniform rates of pay for offices and positions in the city service.

(9) **DUTIES OF BUDGET SUPERVISOR.** The budget supervisor or the head of the department having responsibility for the preparation or the analyzing of the budget, may be secretary of the board of estimates, if so directed by common council ordinance; that person shall not however be entitled to a vote on such board.

History: 1971 c. 267; 1991 a. 316; 2019 a. 42.

65.05 Adoption of budget; changes, how made.

(1) The common council, by vote of the majority of all the alderpersons, may make such changes in the proposed budget submitted by the board of estimates, and by the finance committee, either as to purposes or amounts for which money may be expended and as to purposes or amounts for which bonds or mortgage certificates may be issued as it may deem best.

(2) The common council shall not change the purposes or amounts provided in the proposed budget as submitted to it for the departments which by law are authorized to determine their expenditures and the taxes to be levied therefor, unless such department by formal resolution adopted by a majority of all its members shall authorize such change, nor shall the common council change the purposes or amounts of the bond or mortgage certificate issues which are required to be issued by law.

(3) When any department, authorized to determine its expenditures and the taxes to be levied therefor, shall authorize a change in its budget by the common council, the department shall file its resolution authorizing the change with the city clerk at least 2 days prior to the time fixed by law for the adoption of the budget, and the council shall then make the change in accordance with the resolution.

(4) For each budget period, the common council, on or before November 14, shall adopt the proposed budget by a majority vote of all the alderpersons either as submitted or as changed by the council. It shall not be necessary to refer the budget to a committee of the common council.

(5) The budget submitted by the board to the council as changed by the council within the time therein provided shall constitute the budget of the city for the following budget period

3 Updated 17–18 Wis. Stats.

MUNICIPAL BUDGET SYSTEMS

65.06

whether or not any formal resolution or motion adopting it has been passed by the common council. Within 5 days either after its formal adoption by the council or by operation of law it shall be certified by the city clerk to the mayor for the mayor's approval.

(6) If the mayor approves the budget the mayor shall sign it. The mayor shall have power only to disapprove of any item or items therein under the control of the common council and upon disapproving any item or items the mayor shall return the budget to the clerk with a written statement of the mayor's objections to those items and the reasons therefor.

(7) The common council shall vote on each item disapproved by the mayor separately, and if the mayor's disapproval is sustained it shall affect only the items disapproved and sustained. The council may then proceed, by an affirmative vote of a majority of the alderpersons, to adopt a substitute for the item rejected which shall be separately submitted to the mayor subject to the mayor's approval. All items not disapproved by the mayor and sustained by the council shall constitute the budget and be in full force. The city clerk shall have the budget printed. The printed budget shall be filed in the office of the comptroller and made available for general distribution. In case of an obvious error in authorizing any salary or position as provided in s. 65.02 (8) (b), the common council may by a three-fourths vote of all its members correct such error in the period between the adoption of the budget and December 31 inclusive of each year.

(8) Except as provided in s. 65.025 (5), the adoption of the budget shall determine the amount of money to be levied upon all taxable property in the city for the ensuing budget period. The tax levy shall be computed by deducting the surplus and miscellaneous revenues available therefor from the appropriations for expenditures for the ensuing year. The city comptroller shall then certify the necessary taxes to be levied to the commissioner of assessments, who shall calculate the tax rate. Such tax rate shall be the rate of the ensuing tax levy.

(9) The compensation rates of pay and the number of positions established in the budget shall determine the compensation to be paid and the number of positions for the ensuing budget period except that additional positions may be established where necessary during the year by resolution adopted by three-fourths vote of all the alderpersons.

History: 1987 a. 289; 1989 a. 266; 1991 a. 156, 316; 1993 a. 184, 381, 491; 1995 a. 225; 2019 a. 42.

65.06 Funds, how expended. (1) Except as provided in s. 65.025 (5), no money may be expended and no liabilities incurred by the city or any department unless otherwise specially authorized by law during the budget period, in excess of the amounts specified or except as hereinafter provided for any other purpose than as designated therein, provided, however, that whenever the city department that is responsible for a water system desires to make a contract extending over a period of more than one year for additions to the plant in excess of the estimated revenue for the budget period, if in the opinion of the board of estimates there will be money available to meet the payments on the contract as they may come due, then, by a majority vote of the board, they may authorize the comptroller to countersign such contract.

(2) Whenever a department is reimbursed for materials or services furnished, and the funds so received are not by law credited to some particular fund, the department may spend the money so received for the same purpose for which the money was originally appropriated in the budget.

(3) Whenever a department whose funds are subject to the control of the common council shall find it necessary to expend a greater sum than authorized by the budget for such specific purpose, and the department shall find it unnecessary to spend a sum as authorized for some other purpose, the department may request the secretary of the board of estimates to authorize the funds unnecessary for one purpose to be transferred to the purpose for which the greater sum is needed, stating the reasons therefor in writing. The secretary shall immediately submit such request to

the mayor who shall call a meeting of the board forthwith at which the board may by a majority vote authorize the change, if the change shall be deemed advisable. Thereupon the secretary shall immediately certify the action of the board to the comptroller and the change shall be made in accordance with the action of the board.

(4) Any department authorized by law to fix its own tax levy may change at a regular meeting or one called for that purpose any appropriation specified in the budget for one purpose which is found unnecessary for that purpose to another purpose which the department shall find necessary to spend a greater sum than specified in the budget for that purpose. The department shall certify its action to the comptroller and the change shall be made accordingly.

(5) No department shall spend a greater sum than is appropriated by the budget for that department except as provided in s. 65.025 (5) and except:

(a) Unexpended balances from the proceeds of bonds or mortgage certificates carried over from the preceding year may be expended for the purposes for which the bonds or certificates were issued; and

(b) Any department whose funds are subject to the control of the common council may expend funds for the purpose appropriated by the common council from the contingent fund.

(6) (a) The common council by resolution adopted by a three-fourths vote of all the alderpersons, may appropriate money from its contingent fund for any lawful purpose.

(b) The common council at any time after the adoption of the budget may, by resolution adopted by a majority vote of the members thereof direct the proper officers of any department to expend such sum or sums of money as are specially appropriated out of any specific fund under its control for any of the several purposes enumerated therein. The adoption of such resolution shall be the authority for such department to proceed and expend such specified sum for the purpose as directed therein.

(7) Any department whose funds are not subject to the common council may by vote of three-fourths of all its members appropriate money out of its contingent fund for any purpose for which it is authorized to spend money. Before the department shall spend any such funds it shall certify to the comptroller its action and the purpose for which such sum was appropriated.

(8) Any department charged by law with the construction, extension, operation and maintenance of a water system, lighting system or public utility may spend money from the surplus revenue of the water system, lighting system or utility in addition to the sum specified in the budget when deemed necessary to maintain the service, upon being authorized so to do by a three-fourths vote of all the alderpersons of the common council, specifying by resolution the purpose for which and the sum appropriated. Before any money shall be so expended a copy of the resolution authorizing it shall be certified to the comptroller.

(9) Unless otherwise specifically provided by law, no municipal bonds other than those provided for in the budget shall be issued during the ensuing fiscal year, except in case of great emergency when necessary to protect the public health or safety, and then only when authorized by the common council by a three-fourths vote of all the alderpersons.

(10) The city may expend any money or incur liabilities for any purposes which by law are assessable as benefits against parcels of land or are a legal charge against such parcels of land.

(11) Every officer or employee who shall violate or participate in the violation of the provisions of this chapter shall be personally liable to the city for all loss or damage to the city occasioned thereby.

(12) The adoption of the budget shall be authority for the expenditure by a department for the purposes therein provided and of the amounts assigned to the department thereby and no further action by the common council shall be necessary to authorize any department to make such expenditures, except that as provided

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herein it shall not authorize the expenditure of any money from the contingent fund of the common council.

(13) The common council may at any time suspend the expenditure of any fund assigned to any department by the budget which has not been expended or reserved for the payment of indebtedness incurred by the department. Such action by the council shall be by a majority vote of all the alderpersons but shall not apply to the funds of a department which determines its own tax levy and whose funds are not subject to the control of the common council.

(14) The adoption of the budget for any budget period shall not authorize the expenditure of any funds for the succeeding budget period except for indebtedness incurred during the budget year.

(15) All funds subject to the control of the common council assigned by the budget to a department not expended during the budget period and not reserved for indebtedness incurred during the budget period shall revert to the general revenues of the city.

(16) All funds of a department not subject to the control of the common council and not expended or reserved for indebtedness shall become a part of the general revenues of such department.

(17) Subsections (13), (14), (15) and (16) do not apply to the expenditure of funds, the proceeds of bonds or mortgage certificates, nor the surplus revenues of any water system, lighting system or municipally owned utility. In establishing the budget format with respect to funds and accounts related to proprietary operations, the common council may authorize accounting procedures which follow the uniform system of accounts authorized by the public service commission in the case of municipal utilities or accepted commercial accounting practices in other instances.

(18) The omission from the budget of any of the following items shall not prevent the placing of the same on the tax roll for the levy and collection of the tax and the payment of the money therefor:

(a) The payment of interest on or the principal of any bonded debt of the city when due;

(b) The payment of principal and interest on mortgages or mortgage certificates when due; and

(c) Funds required to be raised by any mandatory provision of law.

History: 1993 a. 184; 1995 a. 378; 2019 a. 42.

65.07 Power of council to levy taxes. (1) The common council shall have power to levy annually a tax upon all the taxable property in the city for the following purposes:

(a) A sufficient general city fund to pay the expenses of city departments, boards and commissions which are subject to the control of the common council. The rate of taxation for the purposes enumerated in this paragraph shall be established only by affirmative vote of at least two-thirds of all members elected to the common council.

(b) A fund to pay the city's contribution to the fire fighters' and police officers' pension fund and for any similar fund which may be created by law.

(c) A sufficient permanent improvement fund for any purpose authorized by s. 66.0913 (1), 67.04 or 67.12 for which money may be borrowed or bonds issued, and for the initial furniture, fixtures, machinery and equipment required in such new facilities permitted thereunder.

(d) A sufficient sewerage fund to maintain and operate any sewerage disposal plant.

(e) A school operations fund, as constituted and for the purposes specified in s. 119.46 (1).

(f) A school construction fund, as constituted and for the purposes specified in s. 119.48, not exceeding 0.6 mills on each dollar of the assessed valuation of all taxable property in the city.

(g) A school extension fund, as constituted and for the purposes specified in s. 119.47.

(i) A delinquent tax fund.

(j) A sufficient fund to pay the interest and principal on the funded debt falling due within the year.

(k) A public improvement reserve fund.

(L) A sufficient common council contingent fund.

(m) A debt service fund for school building purposes as provided in s. 120.10 (10).

(o) A tax stabilization fund.

(p) Notwithstanding the provisions of s. 65.06 (14) and (15), the common council may by resolution authorize the carrying over of unexpended funds which have been appropriated to a department for additional periods not to exceed 3 years from the year in which they were appropriated.

(q) An operating fund which may be carried over by the common council from year to year for the purpose of accumulating sums necessary to purchase buildings, machinery, equipment, and appurtenances thereto required for municipal purposes.

(r) 1. A tax equalization fund under the control of the common council. A levy for the purposes of this fund may be made against all taxable property in the city whenever as the result of any consolidation of a municipality, as defined in s. 345.05, with the city there is included within the city any area subject to taxes levied by any municipality except a county or metropolitan sewerage district at a rate different than that which is applicable for the same purposes in the city other than the consolidated portion thereof. To create such fund the common council may levy a tax in the consolidated area equivalent to the proceeds of a city tax for the same purpose if levied in such area and in addition may levy in such city, including the consolidated area, a tax calculated to produce a sum sufficient to meet the requirements of such other municipality properly certified to such city so as to result in taxation at a uniform rate for such purposes in the city including the consolidated area. Appropriations may be made from such fund to pay certifications of school districts lying wholly or partially in the area consolidated.

2. This paragraph shall apply to any tax levy in a consolidated area on January 1, 1958, and thereafter.

(s) A liability reserve fund for the purpose of paying liability claims against the city or premiums on insurance to pay such claims. The governing body may allow amounts appropriated to the fund to accumulate from year to year. The annual taxes levied for this purpose may not exceed the level necessary to collect the amount recommended by an actuary, in accordance with generally accepted actuarial principles, that will be sufficient to pay any insurance premiums and the uninsured portion of claims that are anticipated to be made based on occurrences during the year in which the tax is collected. Payment of claims and premiums may either be made directly from the reserve account or appropriations may be made from the reserve account to an operating account for such payments. No other transfers may be made from the fund except in accordance with the procedure specified in s. 65.06 (6) (a) and unless:

1. If the fund is to be dissolved, an actuary has determined that all claims that are to be paid from the fund have been paid or a sufficient reserve has been created from the fund to pay such claims; or

2. If the fund is to be continued and the types of claims or the amount of coverage of claims by the fund is to be reduced, an actuary has determined, under generally accepted actuarial principles, that the balance in the fund exceeds the amount necessary to pay claims and premiums and the amount transferred is not more than the excess amount.

(2) The common council may allow funds established under sub. (1) (c), (i), (k), (o), (r) and (s) to accumulate from year to year.

History: 1971 c. 152 s. 38; 1971 c. 154; 1973 c. 90, 333; 1975 c. 39, 80, 200, 224; 1977 c. 113 ss. 4, 6; 1977 c. 203 s. 101; 1977 c. 418 ss. 402 to 407, 929 (42); 1979 c. 34; 1981 c. 20, 61, 93; 1983 a. 27; 1983 a. 207 ss. 93 (8), 95; 1985 a. 29, 135; 1985 a. 225 ss. 28, 100; 1987 a. 27, 377; 1993 a. 437; 1995 a. 27; 1999 a. 150 s. 672; 2005 a. 453.

65.10 City officers to pay receipts monthly. Each city officer shall keep an itemized and accurate account of all moneys received by the officer in the officer's official capacity for fees, commissions and otherwise, and shall at the end of each month, during that officer's term of office, pay into the city treasury all such money in that officer's hands and file a duly verified copy of that officer's account with the city comptroller, together with a receipt of the city treasurer showing that such money has been paid into the city treasury. Until such account and receipt are so filed, it shall not be lawful for the common council or city officer, to order, draw, countersign or deliver any warrant for the payment of the salary or allowance of any such delinquent officer.

History: 1991 a. 316.

65.20 Executive budget procedures in cities of the 1st class. (1) **ALTERNATIVE.** As an alternative to any other budget procedure under this chapter, the common council of any city of the 1st class may, by adoption of a charter ordinance, permanently transfer the duties and responsibilities of the board of estimates relating to the preparation of the proposed budget under ss. 65.02 to 65.06 to the mayor of such city. Any charter ordinance adopted under this section shall provide that:

(a) The functions of the board of estimates relating to the preparation of the city budget are permanently transferred to the mayor who shall prepare the proposed budget and present it to the common council. The budget presented by the mayor shall be called the "executive budget" and its contents shall comply with the requirements of ss. 65.02 to 65.04 in all respects, consistent with any variation that is necessary due to the common council having adopted a biennial budget procedure under s. 65.025.

(am) Any budget department existing on October 25, 1977 shall be transferred to the office of the mayor. The director and employees of the department shall retain their civil service status.

(b) Each department shall submit to the mayor not later than the 2nd Tuesday in May of each budget period on forms approved by the budget director an estimate in detail of the department's needs for the ensuing budget period, including a statement of any permanent improvements to be made and an estimate of expenditures therefor, and including such information supplied in such form as the mayor requests.

(c) Any department whose funds are not subject to the control of the common council may include in its estimate such sum as it deems reasonably necessary for a contingent fund for emergency purposes or other purposes which may arise during the budget period requiring the expenditure of money in addition to the sums provided for the several purposes or for purposes for which no express provision is made in the budget.

(d) The mayor shall hold hearings with respect to departmental requests at the times and places the mayor or the common council, by ordinance, directs. All hearings shall be open to the public. The mayor shall conduct the hearings in the manner in which the mayor determines best suited to fulfilling the purpose of the hearings. For each budget period, the mayor shall prepare a requested budget summary which shall be published at least once prior to the commencement of the hearings in the newspaper having the largest circulation in the city. A complete copy of the entire requested budget shall be made available for public inspection in the office of the city clerk.

(e) From the estimates before him or her, the mayor shall make and submit to the common council, on or before September 28 each budget period, a proposed budget setting forth in detail the amounts proposed to be spent by each department and the various purposes therefor and the amounts of money for each purpose it is proposed shall be appropriated by the council. The proposed budget shall comply with s. 65.02 (5) to (11). The proposed budget summary shall be published forthwith in at least one and not more than 2 daily newspapers having the largest circulation in the city as a class 1 notice, under ch. 985, and the proposed budget summary shall be printed forthwith in the proceedings of the common council. A complete copy of the entire proposed budget shall

be made available for inspection in the office of the city clerk. If any department fails to file its estimates as provided in this section, the mayor shall make a proposed budget for the department specifying the purposes for which and the amount of funds the department may expend.

(f) The mayor may not change any sum or purpose of any department which by law is authorized to determine the purposes of its expenditures and the tax to be levied therefor, unless the department by formal resolution shall so determine by an affirmative vote of a majority of its members. The mayor shall then make the change and include a certified copy of the resolution with its estimates to be filed with the common council.

(g) In addition to the purposes required to be set forth in detail, the mayor may provide a contingent fund for such sum as the mayor deems reasonably necessary for emergency and other purposes that may arise during the budget period requiring the expenditure of money in addition to the sums provided for the several purposes, and for purposes for which no express provision is made in the budget.

(h) The mayor shall also include in the proposed budget the amount of bonds and the purposes for them, to be issued during the budget period, except such bonds as are authorized to be omitted by express provision of law. Bonds authorized to be omitted include bonds issued for the purpose of refunding prior indebtedness of the city.

(i) At the meeting of the common council at which the proposed budget is submitted by the mayor, the common council shall determine the place and time of a public hearing on the budget which shall be held jointly by the common council and by the mayor not less than 10 days after the publication under par. (c), nor later than October 20. The common council shall cause a notice of the place and time of the hearing to be published as a class 1 notice, under ch. 985, which hearing may not be less than 7 days after the date of the last publication of the notice in at least one and not more than 2 daily newspapers having the largest circulation in the city.

(j) All functions of the board of estimates and the budget examining committee not related to the preparation of the proposed budget are transferred to the finance committee of the common council, except that any administrative matter shall be delegated to a budget department existing under par. (am) or by a budget department created under sub. (2).

(k) The operating and corporation budget shall be prepared on a program basis, a performance basis or similar basis. The budget shall be in the technical form prescribed by a budget department existing under par. (am) or by a budget department created under sub. (2).

(2) CREATION OF BUDGET DEPARTMENT BY CHARTER ORDINANCE. If the city council adopts a charter ordinance under sub. (1), the city council may also adopt a charter ordinance which establishes a budget department in the office of the mayor and which defines the department's authority and operational procedures. A charter ordinance adopted under this subsection shall provide that:

(a) The budget director and employees of the budget department shall be selected under civil service rules and procedures. The budget department shall assist in preparing and analyzing the budget and shall be responsible to the mayor.

(b) The budget department shall make special studies, provide budget and management analysis and information and perform any other duties related to the department's functions, as the council determines are necessary.

History: 1977 c. 109; 1983 a. 207, 234, 538; 1987 a. 289; 1989 a. 266; 2019 a. 42.

65.90 Municipal budgets. (1) Unless otherwise provided, in this section, "municipality" means each county other than counties having a population of 750,000 or more, each city, excepting cities of the 1st class, village, town, school district, technical college district and all other public bodies that have the

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power to levy or certify a general property tax or budget. Except as provided in sub. (1m), every municipality shall annually, prior to the determination of the sum to be financed in whole or in part by a general property tax, funds on hand or estimated revenues from any source, formulate a budget and hold public hearings thereon.

(1m) (am) For purposes of adopting and implementing a biennial budget as described in this subsection, “municipality” means a county other than a county having a population of 750,000 or more; a city other than a city of the 1st class; a village; or a town.

NOTE: Par. (am) was created as par. (a) 1. by 2019 Wis. Act 42 and renumbered to par. (am) by the legislative reference bureau under s. 13.92 (1) (bm) 2.

(b) A municipality may adopt a biennial budget by implementing the procedures under this subsection and using the procedures under this section. If a municipality chooses to adopt a biennial budget, it shall adopt such a budget in an odd-numbered year for the next 2 fiscal years that follow immediately the year in which the budget is adopted.

NOTE: Par. (b) was created as par. (a) 2. by 2019 Wis. Act 42 and renumbered to par. (b) by the legislative reference bureau under s. 13.92 (1) (bm) 2.

(c) For any municipality to proceed under this subsection, the governing body of the municipality shall adopt a resolution or enact an ordinance stating its intent to adopt a biennial budget. Once a resolution is adopted or an ordinance is enacted, such an action takes effect and may not be reconsidered or repealed, except as provided in par. (d).

NOTE: Par. (c) was created as par. (a) 3. by 2019 Wis. Act 42 and renumbered to par. (c) by the legislative reference bureau under s. 13.92 (1) (bm) 2. The cross-reference to par. (d) was changed from subd. 4. by the legislative reference bureau under s. 13.92 (1) (bm) 2. to reflect the renumbering of subd. 4., as created by 2019 Wis. Act 42, by the legislative reference bureau under s. 13.92 (1) (bm) 2.

(d) The governing body of a municipality that has adopted a biennial budget procedure as provided in this subsection may return to the use of an annual budget procedure if the governing body, by a two-thirds majority vote, adopts a resolution or enacts an ordinance stating its intent to adopt an annual budget.

NOTE: Par. (d) was created as par. (a) 4. by 2019 Wis. Act 42 and renumbered to par. (d) by the legislative reference bureau under s. 13.92 (1) (bm) 2.

(2) (a) An annual budget shall list all existing indebtedness and all anticipated revenue from all sources during the ensuing year and shall likewise list all proposed appropriations for each department, activity and reserve account during the said ensuing year. Such budget shall also show actual revenues and expenditures for the preceding year, actual revenues and expenditures for not less than the first 6 months of the current year and estimated revenues and expenditures for the balance of the current year. Such budget shall also show for informational purposes by fund all anticipated unexpended or unappropriated balances, and surpluses.

(b) A biennial budget shall list all existing indebtedness and all anticipated revenue from all sources during the ensuing budget period and shall likewise list all proposed appropriations for each department, activity and reserve account during that period. A biennial budget shall also show actual revenues and expenditures for the preceding budget period, actual revenues and expenditures for not less than the first 18 months of the current budget period and estimated revenues and expenditures for the balance of the period to which the budget applies. Such budget shall also show for informational purposes by fund all anticipated unexpended or unappropriated balances, and surpluses.

(3) (a) A summary of the budget required under sub. (1) or authorized under sub. (1m) and notice of the place where the budget in detail is available for public inspection and notice of the time and place for holding the public hearing thereon shall be published as a class I notice, under ch. 985, in the municipality at least 15 days prior to the time of the public hearing except that:

1. In towns a summary of the budget required under sub. (1) or authorized under sub. (1m) and notice of the time and place of the public hearing thereon shall be posted in 3 public places at least 15 days prior to the time of the public hearing.

2. Any school district reproducing and providing general distribution within the district of an annual report incorporating a budget summary at least 15 days prior to the annual meeting is exempt from the notice requirements of this paragraph.

3. A common school district, as defined under s. 115.01 (3), shall publish a class I notice, under ch. 985, as required under this paragraph, at least 10 days prior to the time of the public hearing thereon.

(b) Any budget summary required under par. (a) shall include all of the following for each fiscal year of the proposed budget and the budget in effect, and shall also include the percentage change between the budget of the current year and each fiscal year of the proposed budget:

1. For the general fund, all expenditures in the following categories:

- a. General government.
- b. Public safety.
- c. Public works.
- d. Health and human services.
- e. Culture, recreation and education.
- f. Conservation and development.
- g. Capital outlay.
- h. Debt service.
- i. Other financing uses.

2. For the general fund, all revenues from the following sources:

- a. Taxes.
- b. Special assessments.
- c. Intergovernmental revenues.
- d. Licenses and permits.
- e. Fines, forfeitures and penalties.
- f. Public charges for services.
- g. Intergovernmental charges.
- h. Miscellaneous revenue.
- i. Other financing sources.

3. Revenue and expenditure totals for each impact fee that is imposed by a municipality.

4. All beginning and year-end governmental and proprietary fund balances.

5. The contribution of the property tax to each governmental fund and to each proprietary fund that receives property tax revenue and the totals for all funds.

6. Revenue and expenditure totals, by fund, for each governmental fund, and for each proprietary fund and the revenue and expenditure totals for all funds combined.

(bm) Any budget summary created under par. (a) shall include an itemization of proposed increases and decreases to the current year budget, and an itemization of proposed increases and decreases between the first and second year of a biennial budget, due to new or discontinued activities and functions.

(c) The department of public instruction under s. 115.28, the department of revenue under s. 73.10 and the technical college system board under s. 38.04 shall encourage and consult with interested public and private organizations regarding the budget summary information required under pars. (a) and (b). The department of public instruction and the technical college system board shall specify the revenue and expenditure detail that is required under par. (b) 1. and 2. for school districts and for technical college districts.

(d) A municipality may publish any additional budget summary information that its governing body considers necessary, but the additional information shall be reported separately from the information required under pars. (a), (b) and (bm).

(4) Not fewer than 15 days or, in the case of common school districts, as defined under s. 115.01 (3), not fewer than 10 days, after the publication of the proposed budget and the notice of hear-

ing thereon a public hearing shall be held at the time and place stipulated at which any resident or taxpayer of the governmental unit shall have an opportunity to be heard on the proposed budget. The budget hearing may be adjourned from time to time. In school districts holding an annual meeting the time and place of the budget hearing shall be the time and place of the annual meeting.

(5) (a) Except as provided in pars. (b) and (c) and except for alterations made pursuant to a hearing under sub. (4), the amount of tax to be levied or certified, the amounts of the various appropriations and the purposes for such appropriations stated in a budget required under sub. (1) or authorized under sub. (1m) may not be changed unless authorized by a vote of two-thirds of the members-elect of the governing body of the municipality. Any municipality, except a town, which makes changes under this paragraph shall publish either a class 1 notice of the changes, under ch. 985, within 15 days after any change is made or post a notice of the changes on the municipality's website within 15 days after any change is made. Failure to give notice shall preclude any changes in the proposed budget and alterations thereto made under sub. (4). In this subsection, "members-elect" has the meaning given in s. 66.10015 (1) (bs).

(b) A county board may authorize its standing committees to transfer funds between budgeted items of an individual county office or department, if such budgeted items have been separately appropriated, and to supplement the appropriations for a particular office, department, or activity by transfers from the contingent fund. Such committee transfers shall not exceed the amount set up in the contingent fund as adopted in the annual budget, nor aggregate in the case of an individual office, department, or activity in excess of 10 percent of the funds originally provided for such office, department, or activity in such annual budget. The publication provisions of par. (a) shall apply to all committee transfers from the contingent fund.

(c) 1. A governing body or a committee authorized by the governing body may, at any time, decrease appropriation amounts in a biennial budget.

2. In October or November of an even-numbered year, the governing body of a municipality may change any appropriation

or revenue amount in relation to the 2nd year of the biennial budget by a simple majority vote of the members-elect of the governing body.

(6) As part of the annual budget required under sub. (1) or the biennial budget authorized under sub. (1m), the governing body of any municipality and of any county having a population of 750,000 or more may establish and maintain, and levy a tax for, a liability reserve fund for the purpose of paying liability claims against the municipality or premiums on insurance to pay such claims. The governing body may allow amounts appropriated to the fund to accumulate from year to year. The annual taxes levied for this purpose may not exceed the level necessary to collect the amount recommended by an actuary, in accordance with generally accepted actuarial principles, that will be sufficient to pay any insurance premiums and the uninsured portion of claims that are anticipated to be made based on occurrences during the year in which the tax is collected. Payment of claims and premiums may either be made directly from the reserve account or appropriations may be made from the reserve account to an operating account for such payments. No other transfers may be made from the fund except in accordance with the procedure specified in sub. (5) (a) and unless:

(a) If the fund is to be dissolved, an actuary has determined that all claims that are to be paid from the fund have been paid or a sufficient reserve has been created from the fund to pay such claims; or

(b) If the fund is to be continued and the types of claims or the amount of coverage of claims by the fund is to be reduced, an actuary has determined, under generally accepted actuarial principles, that the balance in the fund exceeds the amount necessary to pay claims and premiums and the amount transferred is not more than the excess amount.

History: 1971 c. 40, 154; 1971 c. 211 ss. 77, 124; 1973 c. 224; 1975 c. 224; 1977 c. 418; 1981 c. 203; 1985 a. 225; 1987 a. 314, 377; 1989 a. 31; 1991 a. 39, 189; 1993 a. 399; 1995 a. 27, s. 9145 (1); 1997 a. 27; 2005 a. 477; 2009 a. 177; 2015 a. 138; 2017 a. 207 s. 5; 2019 a. 42; s. 13.92 (1) (bm) 2.; s. 35.17 correction in (1m) (c).

Under sub. (5), the vote of two-thirds of a board's entire membership is needed to transfer funds from a contingency fund to use for a purpose not anticipated in the budget. 76 Atty. Gen. 145.

Municipal Budgeting:

By Claire Silverman, League Legal Counsel



All municipalities must prepare an annual budget. Although time periods vary depending on a municipality's process, the budget process typically commences in the summer or early fall and is in full swing during October and November when municipal officials hold public hearings on proposed budgets and eventually adopt final budgets.

Because the budget process requires municipal governing bodies to allocate scarce resources to programs, services and capital assets, it is one of the most important activities undertaken by local governments. This comment reviews

state laws governing the budget adoption process. [Note: This legal comment incorporates the material on Budgeting from the League's *Handbook for Wisconsin Municipal Officials*.]

THE STATE BUDGETING LAW

All Wisconsin municipalities must adopt an annual budget. See Wis. Stat. secs. 65.01 and 65.90. A budget is a projected financial plan or "fiscal blueprint" that outlines how municipal funds will be raised and spent.¹ Technically, for purposes of complying with state law, a budget is an ordinance or resolution enacted by the governing body that meets the requirements of sec. 65.90(2). The budget requirements applicable to first class cities (the City of Milwaukee) are set forth in different statutes, secs. 65.01 - 65.20 and are discussed below under the Board of Estimates System. Second, third and fourth class cities are governed by sec. 65.90 but may, by ordinance adopted by three-fourths of all governing body members, choose to be governed by the municipal budget system set forth in secs. 65.02, 65.03 and 65.04.

Under sec. 65.90(2), the following information must be included in a municipal budget:

- all existing indebtedness and all anticipated revenue from all sources during the ensuing year;
- all proposed appropriations for each department, activity and reserve account during the ensuing year;
- actual revenues and expenditures for the preceding year, actual revenues and expenditures for not less than the first six months of the current year and estimated revenues and expenditures for the balance of the current year;
- all anticipated unexpended or unappropriated fund balances, and surpluses.

BUDGET SUMMARY AND BUDGET HEARING

Before adopting the annual budget, a municipal governing body must hold a public hearing on the proposed budget to allow citizen comment. To inform the public about the proposed budget, the municipality must publish the following information as a class 1 notice under Wis. Stat. ch. 985, at least 15 days before the date of the public hearing on the budget:

- A budget summary that includes information specified by state law;
- A notice of the place where the proposed budget in detail may be inspected (e.g., the clerk's office);
- A notice of the time and place of the budget hearing.

Wis. Stat. sec. 65.90(3)(a).

1. *Financial Administration Handbook for Small Wisconsin Towns and Villages*, Wisconsin Department of Revenue (June 1991).

What Local Officials Need to Know

The published budget summary must contain the following information for the current budget and the proposed budget, and must also include the percentage change between the current and proposed budgets:

- General fund expenditures in the following categories: general government; public safety; public works; health and human services; culture, recreation and education; conservation and development; capital outlay; debt service; other financing uses.
- General fund revenues from the following sources: taxes; special assessments; intergovernmental revenues; licenses and permits; fines, forfeitures and penalties; public charges for services; intergovernmental charges; miscellaneous revenue; other financing sources.
- All beginning and year-end governmental and proprietary fund balances.
- The contribution of the property tax to each governmental fund and to each proprietary fund that receives property tax revenue and the totals for all funds.
- Revenue and expenditure totals, by fund, for each governmental fund, and for each proprietary fund and the revenue and expenditure totals for all funds combined.
- Revenue and expenditure totals for each impact fee imposed by the municipality.

In addition, the budget summary must include “an itemization of proposed increases and decreases to the current year budget due to new or discontinued activities or functions.”²

A municipality may publish additional budget summary information, but the additional information must be reported separately from the statutorily required information.³

A public hearing on the proposed budget must be conducted not less than 15 days after the budget summary is published. At this meeting “any resident or taxpayer of the governmental unit shall have an opportunity to be heard on the proposed budget.”⁴ Sometime after the public hearing, either at the same meeting or at a subsequent one, the budget ordinance or resolution is formally adopted by the governing body.

In cities, the budget ordinance or resolution is submitted to the mayor for his or her approval. Mayors are authorized to veto actions of the common council.⁵ If the mayor vetoes the budget, it is sent back to the council where a two-thirds vote of all the members is required to override the veto.

Statutory law does not authorize a partial veto by a mayor. However, it is the League’s view that cities may rely on their constitutional home rule powers to enact a charter ordinance providing for partial line or item veto of the municipal budget by the mayor.⁶ The League’s *Handbook for Wisconsin Municipal Officials* (2012) contains a sample charter ordinance giving the mayor partial veto authority over the budget on p. 246 in the appendix at the end of chapter VII which deals with Finance and Taxation.

Once a budget has been adopted by the governing body and, in cities, approved by the mayor, it provides the authorization to levy taxes and spend the authorized appropriations. The provisions of an adopted budget are obligatory and may be amended only by following certain procedures described below.

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Continued on page 234*

2. Wis. Stat. sec. 65.90(3)(bm).

3. Sec. 65.90(3)(d).

4. Sec. 65.90(4).

5. Sec. 62.09(8)(c).

6. League Legal Opinion Ordinances & Resolutions 353.

Municipal Budgeting
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DEADLINE FOR ADOPTING A MUNICIPAL BUDGET

State law does not set forth a specific date by which a municipal budget must be enacted. Certainly the budget must be adopted by the end of the year because villages and cities operate on a calendar fiscal year.⁷ For all practical purposes, however, the budget should be adopted by the end of November or, at the latest, the beginning of December. Otherwise, the municipality will be unable to comply with certain other deadlines relating to the property tax collection process. For example, village boards must determine the village's tax levy by December 15.⁸ Also, the municipal clerk must transfer the tax roll to the municipal treasurer by December 8.⁹ This deadline is extended to the 3rd Monday in December if the municipality has in effect a policy of issuing refund checks to taxpayers whose escrow check for property taxes exceeds the actual tax bill within 15 business days after receiving the escrow payment.¹⁰

In addition, the clerk must return the annual "Statement of Taxes," showing all taxes levied in the municipality, to the Department of Revenue and county treasurer on or before the 3rd Monday in December.¹¹

Moreover, many municipalities have their tax bills printed by the county or a private service provider. In such situations, the municipality will need to have its budget adopted in time to comply with the county's or private service provider's deadline for receiving the tax roll. Thus, practically speaking, the deadline for adopting a budget is dictated by other deadlines, both statutory and otherwise, designed to ensure that tax bills are sent to taxpayers by Christmas so that taxpayers can pay their property tax bills before the end of the year.

BUDGET CHANGES

The law on changing an adopted budget is important because it is a key consideration in deciding how detailed the budget should be. A two-thirds vote of the entire governing body is required to change an adopted budget, and a class 1 notice of the change must be published under ch. 985 with-

7. Wis. Stat. secs. 61.51(3) and 62.12(1).

8. Sec. 61.46.

9. Sec. 74.03(1).

10. Sec. 74.03(2).

11. Wis. Stat. sec. 69.61.

in 10 days after the change is made or the change is invalid.¹² This process must be followed when altering the amount of tax to be levied, the amounts of the various appropriations and the purposes for such appropriations stated in the budget. The law is unclear on whether transfers from the contingency fund to other budgeted accounts may be done under normal voting requirements, or require an extraordinary vote and a class 1 notice publication.¹³

NON-LAPSING RESERVE FUNDS

In general, municipalities may not accumulate unappropriated surplus funds. However, cities and villages may

1. maintain reasonable amounts of unappropriated funds on hand to meet immediate cash flow needs, and
2. accumulate needed capital in non-lapsing funds to finance specifically identified future capital expenditures (e.g., new fire truck, village hall or library).

Wis. Stat. sec. 65.90(1) provides that every municipality must annually, "prior to the determination of the sum to be financed in whole or in part by a general property tax, **funds on hand** or estimated revenues from any source, formulate a budget and hold public hearings thereon." (Emphasis added.) In *Immega v. City of Elkhorn*,¹⁴ a taxpayer sued the City of Elkhorn to recover an amount of increased taxes he paid under protest that he claimed was due to Walworth County's failure to use surplus funds on hand to reduce its tax levy. The City tendered defense of the action to the county and the county accepted. Before adopting its budget, the county board had adopted a resolution reciting its desire to set aside funds for future use in building a new courthouse. It also had changed the name of a no-longer needed sinking fund that had been started and used to retire a bond issue from "Special

Sinking Fund" to "New Court House Fund." However, the board failed to actually appropriate any funds for the construction of a new courthouse.

The *Immega* court stated that it was inappropriate for a local government to levy a tax to enrich the public treasury or to accumulate funds for no specific purpose. The court concluded that the unappropriated surplus must be treated as "funds on hand" and could not be carried forward as a separate sinking fund into the new fiscal year but rather must be used to reduce taxes. The Wisconsin Supreme Court held that year-end balances in accounts, if not designated for any particular purpose, must be considered "funds on hand" under Wis. Stat. sec. 65.90(1) and used to defray budgetary costs and reduce the tax levy for the ensuing year.

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The general rule announced in *Immega* against accumulating surpluses for undesignated purposes was first qualified in *Fiore v. City of Madison*.¹⁵ In *Fiore*, a taxpayer sued for a refund of taxes claiming that approximately \$600,000 appropriated by the city to a city-county non-lapsing building reserve fund should have been considered unallocated surplus "funds on hand" under Wis. Stat. sec. 65.90(1) and used to defray budgetary expenses. The *Fiore* court disagreed and held that, unlike the county board in *Immega*, the Madison city council had adopted a resolution appropriating approximately \$600,000 into a city-county non-lapsing building reserve fund which it had lawfully created pursuant to its broad home rule powers under sec. 62.11(5).

The court concluded that because of the appropriation, the amount ceased to be an unallocated surplus available to defray budget expenses. With regard to the plaintiff's claims that the city failed to take into account other large sums of unallocated surplus funds when fixing the tax rate, the *Fiore* court

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12. Wis. Stat. sec. 65.90(5)(a).

13. In 32 Op. Att'y Gen. 301 (1943), the Attorney General opined that transfers from a contingent account for a purpose not within the budget would not constitute a budget amendment since the very purpose of a contingency fund is to provide for moneys on hand to be available for emergency and other unforeseen matters not contemplated and otherwise provided for in the budget. This opinion was retreated from in 57 Op. Att'y Gen. 134 (1968) and 76 Op. Att'y Gen. 145 (1987) but these opinions are not clearly applicable to cities and villages since they were based, in part, on statutes specifically applicable to county contingent funds and were addressed to counties; See also League opinion, Financial Procedure 182 (intended allocation of funds from village's contingency account to pay for newly created, although previously anticipated, positions would merely constitute a transfer of funds which would not require a two-thirds vote).

14. 253 Wis. 282, 34 N.W.2d 101 (1948).

15. 264 Wis. 482, 59 N.W.2d 460 (1953).

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agreed that if there were such funds they must be applied to finance the budget. However, the court said that ordinary business principles permit municipalities to retain reasonable working cash balances in the municipal treasury. In other words, every "last cent [of unallocated surplus funds] need not be devoted to reduction of taxes in aid of the budget."¹⁶

Subsequent judicial decisions, an attorney general opinion and a statutory change have further qualified the general prohibition in *Immega* against accumulating unappropriated surpluses. In *Blue Top Motel, Inc. v. City of Stevens Point*,¹⁷ the Wisconsin Supreme Court analyzed the *Immega* and *Fiore* cases as follows: "Taken together, *Immega* and *Fiore* establish generally that a city may retain funds to meet its needs, but may not simply carry a large surplus which has not been designated for any particular use."¹⁸

In *Barth v. Monroe Board of Education*,⁶ the Wisconsin court of appeals stated in dicta that "[i]t is possible that a sinking fund dedicated to all current and future capital expenditures without relation to specific capital projects has so little public purpose that it violates the prohibition against taxing for purposes other than a public purpose."¹⁹ The *Barth* court declined to resolve the matter, however, because the school board specifically dedicated the funds at issue in the case to construct a swimming pool before the suit was filed.

A 1987 Wisconsin Attorney General opinion reads the *Immega*, *Fiore*, *Blue Top Motel* and *Barth* line of cases to mean that while municipalities may not lawfully create and accumulate unappropriated surplus funds, they may "maintain reasonable amounts necessary in the exercise of sound business principles to meet their immediate cash flow needs during the current budgetary period or to accumulate needed capital in non-lapsing funds to finance specifically identified future capital expenditures."²⁰

In 1988, Wis. Stat. sec. 65.90 was amended to authorize municipalities to set up, operate and dissolve liability reserve funds. In the League's opinion, these provisions were unnecessary as regards city and village authority to establish reserve funds, and can in fact be read to create limits on what

a municipality can do with respect to establishing liability reserve funds.

The provisions provide that municipalities may set up and levy taxes for a liability reserve fund to pay liability claims or insurance premiums. The fund may accumulate from year to year. The annual taxes levied for the fund may not exceed the amount recommended by an actuary, in accordance with generally accepted actuarial principles, sufficient to pay the premiums and uninsured portion of the claims anticipated to be made for occurrences during the year. Payment of the premiums and claims may be made either directly from the reserve or transferred from the reserve to an operating account for the payments.

BOARD OF ESTIMATES BUDGET SYSTEM

The budget development and adoption process set forth in Wis. Stat. sec. 65.90 applies to nearly all Wisconsin municipalities. However, as mentioned above, the City of Milwaukee follows the budget system set forth in secs. 65.01 - 65.20. Any other city may, by ordinance adopted by three-fourths of all the members of the common council, adopt the budget development process set forth in secs. 65.02 - 65.04. Only a few municipalities, such as the City of Madison, have done so. Under this alternative budget development process, the city must create a Board of Estimates made up of key city officers such as the mayor, president of the common council, city attorney, and comptroller. The Board of Estimates receives budget requests from each city department and prepares and submits a proposed budget to the common council by October 25 each year. The proposed budget must comply with sec. 65.02(5) - (11).

RECOMMENDED BUDGET PRACTICES

So far, this discussion of municipal budgeting has focused almost exclusively on the minimum requirements imposed by state law regarding the adoption of an annual budget. As the National Advisory Council on State and Local Budgeting (NACSLB) explains in its Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (1998), published by the Government Finance Officers Association (GFOA), "[a] good budget process is far

16. 264 Wis. at 486.

17. 107 Wis.2d 392, 320 N.W.2d 172 (1982).

18. 320 N.W.2d at 175.

19. 322 N.W.2d at 698.

20. 76 Op. Att'y Gen. 77 (1987).

more than the preparation of a legal document that appropriates funds for a series of line items. Good budgeting is a broadly defined process that has political, managerial, planning, communication, and financial dimensions.”

Wis. Stat. sec. 65.90 is silent about how a municipality is to develop a proposed budget for consideration by the governing body. This absence of a statutorily prescribed process for preparing a budget leaves substantial discretion to local governments in determining their own budgeting procedures. Consequently, there are wide differences in budget practices among municipalities.

Many municipalities have developed formal procedures set out in ordinances or resolutions and in guidelines furnished to department heads. See *The League's Handbook for Wisconsin Municipal Officials* (2012) Ch. VII appendix for a sample “budget system” ordinance. The budget process in smaller municipalities is often less formal. Nevertheless, in most, if not all, municipalities, the process of developing a budget “is governed by a mixture of law, tradition, agreements, understandings — and politics.” Donoghue, “Local Government in Wisconsin,” *Wisconsin Blue Book* 1979-80.

Some communities treat budgeting as a seasonal occurrence — something to be done each October and November. However, as the discussion below of recommended budget practices implies, the budget process is a continuous, year-round process that involves three main components: 1) preparation; 2) consideration and adoption; and 3) administration.

In many communities, the budget process begins early in the calendar year when each department head or local official reviews his or her operations for the current and previous year and prepares a budget request for the ensuing year. In some cases, the municipal clerk or administrator may do this for some departments. The municipal clerk, administrator or finance officer compiles the requests. The compilation then is reviewed by the finance or budget committee of the governing body and a preliminary budget is developed. This is a legislative budget.

A number of other municipalities follow an executive budget system, where the municipal administrator, mayor or manager

reviews the budget requests. The chief executive considers the whole budget and may make reductions or additions. After this process, the chief executive presents the recommended budget to the governing body. In some instances, the executive budget is accompanied by an executive budget message, which highlights the major goals of the budget and any significant anticipated or proposed changes in revenues or expenditures.

Executive budgets are most common in cities with a council-manager form of government or a full-time mayor. Some municipalities with an administrator also use the executive budget. The council or village board may review the preliminary budget either by referring the budget to a standing committee for consideration or by having the entire governing body undertake the budget review. Following this review, the reviewing body develops a proposed budget and a public hearing is held. The governing body then adopts the budget, which includes a levy of the necessary property taxes. The *League's Handbook for Wisconsin Municipal Officials* ch. VII appendix contains a sample ordinance for adopting a budget and levying a property tax.

FEATURES OF A GOOD BUDGET PROCESS

Some or all of the NACSLB's 59 recommended budget practices might serve as a blueprint for Wisconsin local governments seeking to improve their budget process. As the NACSLB points out in the introduction to its recommended budget practices, “the quality of decisions resulting from the budget process and the level of their acceptance depends on the characteristics of the budget process that is used.” Thus:

A budget process that is well integrated with other activities of government, such as the planning and management functions, will provide better financial and program decisions and lead to improved governmental operations. A process that effectively involves all stakeholder selected officials, governmental administrators, employees and their representatives, citizen groups, and business leaders and reflects their needs and priorities will serve as a positive force in maintaining good public relations and enhancing citizens' and other stakeholders' overall impression of government.²¹

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21. *National Advisory Council on State and Local Budgeting Recommended Budget Practices: A Framework for Improving State and Local Government Budgeting* (1998).

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The NACSLB document further explains that a good budget process has the following essential features:

- Incorporates a long-term perspective;
- Establishes linkages to broad organizational goals;
- Focuses budget decisions on results and outcomes;
- Involves and promotes effective communication with stakeholders;
- Provides incentives to government management and employees.

These key characteristics of good budgeting make clear that the budget process is more than an annual exercise in balancing revenues and expenditures. It is strategic in nature, encompassing a multiyear financial and operating plan that allocates resources on the basis of identified goals. A good budget process moves beyond the traditional concept of line item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.²²

Finally, the NACSLB's list of recommended budget practices emphasizes that communication and involvement with citizens and other stakeholders is integral to the budget process. The term "stakeholder" refers to anyone who is affected by or has a stake in government. This term includes citizens, customers, elected officials, management, employees and their representatives (whether unions or other agents), businesses, other governments, and the media. As the NACSLB document explains:

It is vital that the budget process include all stakeholders. The budget process should accomplish the following:

- involve stakeholders,
- identify stakeholder issues and concerns,
- achieve stakeholder buy-in to the overall budgeting process,
- achieve stakeholder buy-in to decisions related to goals, services, and resource utilization,
- report to stakeholders on services and resource utilization, and
- serve generally to enhance the stakeholders' view of government.

The importance of this aspect of the budget process cannot be overstated. Regular and frequent reporting is necessary to provide accountability, educate and inform stakeholders, and improve their confidence in the government. Communication and involvement is an essential component of every aspect of the budget process.²³

A copy of the NACSLB's *Recommended Budget Practices: A Framework for Improved State and Local Governmental Budgeting* is available from the Government Finance Officers Association (GFOA) for a small fee. Other budgeting guidebooks available from the GFOA are: *The Operating Budget: A Guide for Smaller Governments*; *Capital Improvement Programming: A Guide for Smaller Governments*; *The Best of Governmental Budgeting: A Guide to Preparing Budget Documents*, and *Best Practices in Public Budgeting*. The GFOA's telephone number is (312) 977-9700; its web site is www.gfoa.org.

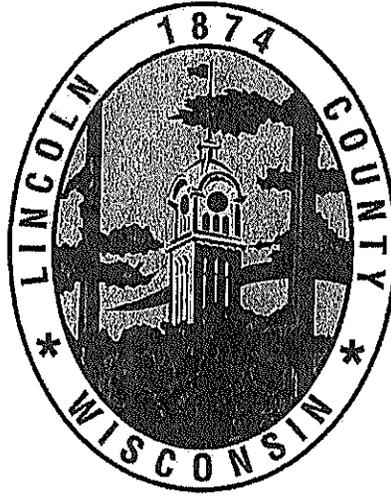
Financial Procedure 237R

22. *Id.*

23. *Id.*

LINCOLN COUNTY

WISCONSIN



FINANCE COMMITTEE

2021 BUDGETARY GUIDELINES

Approved by Finance Committee on 3/6/20

7.B.

Attachment: Ordinance on Budget Policy - Follow-up 2021 Budget (5004 : Ordinance to limit tax rate increase in annual City budgets)

PURPOSE OF 2021 BUDGET GUIDELINES

The purpose of this document is to help facilitate in the preparation of, and to establish parameters for, the 2021 budget. In addition, this document will also outline timelines, due dates, and general information for preparing the upcoming County budget.

BUDGET PROCESS

Under the Administrative Coordinator form of government, both the operating budget and capital budget are developed by the County Board. All departments are required to complete budgets based on the parameters set by the Finance Committee. Once a balanced budget is complete, it will be submitted and reviewed by the County Board. After submission, public hearings are held to gain feedback from the public. The budget is legally adopted upon a majority vote by the County Board.

BUDGET TIMELINE

January

- Administrative & Legislative Committee & Finance Committee set budget goals

February - March

- Finance Committee creates and approves Budgetary Guidelines
- County Board receives and reviews Budgetary Guidelines

April

- New position requests submitted to Administrative Coordinator (April 1st)

May

- 2021 payroll projection to department heads (beginning of month)
- CIP Requests to Finance Director (May 31st)
- Vehicle Schedules to Finance Direct (May 31st)

May - June

- CIP Requests to Finance Director prior to meeting with Finance Director and Administrative Coordinator
- Vehicle Schedules to Finance Director prior to meeting with Finance Director and Administrative Coordinator
- Finance Director and Administrative Coordinator meet with department heads concerning preliminary department budget and present the preliminary department budget to oversight committee along with department head

July

- Finance and Insurance Committee reviews preliminary budget and CIP requests
- County Board receives preliminary budget report and reviews budget targets set earlier in year

July – September

- Budget discussions & CIP review

October

- Final Budget Review by Finance and Insurance Committee
- Final draft of 2021 Budget presented to County Board for review and discussion (10/20/20)

November

- Budget hearing and approval by County Board (11/10/20)

Budget updates will be presented at County Board meetings from March through September.

SALARY & FRINGE

The Finance Department will calculate and enter all estimated wages and fringes for 2021 and the remainder of the current year. Below are the cost of living adjustments that will be included in the 2021 budget.

Cost of Living Adjustment:

2020	General	1.00%
	Deputies/Supervisors	1.00% on 1/1/2020 & 2% on 7/1/2020
2021	General	2.00%
	Deputies/Supervisors	2% on 4/1/21

Elected Officials: Elected officials salary schedule is set by the county board prior to filing of nomination papers for the term of the position.

Health Insurance: A 15% premium increase will be budgeted for 2021. This is subject to change based on the approval of the Health Insurance Trustees.

Wisconsin Retirement System (WRS): WRS contributions will be budgeted at the prior year percentage until the 2021 rates are set. Once the new rates are set, Finance Department will update the amounts in department budgets.

	Employer	Employee
General	6.75%	6.75%
Elected	6.75%	6.75%
Protective	11.74%	6.75%

CAPITAL IMPROVEMENT PROJECTS

Capital improvement projects (CIP) must be completed and submitted electronically to the Finance Department prior to meeting with the Finance Director and Administrative Coordinator, on the Lincoln County Capital Improvement Project Request Forms. No CIP will be approved if it is not submitted and on the current CIP schedule.

Vehicles: All departments are required to complete and submit the Lincoln County Vehicle Schedule. This form must be completed electronically and submitted to the Finance Department prior to meeting with the Finance Director and Administrative Coordinator. Completion of this form is required even if departments are not requesting funding for vehicles in 2021. No vehicles will be approved if this form is not completed in it's entirety.

BUDGETARY STRATEGY AND GOALS

Fiscal Sustainability Goals

Health Insurance Fund

Currently, the health insurance fund has a fund balance of \$181,000. A healthy fund balance should be between \$1.8 million – \$2.7 million (40% - 60% of total expenditures). In order to remain viable, the health insurance fund borrowed \$1.2 million from the general fund.

GOAL: Implement a 6 year plan to replenish fund balance to \$1.8 million. This would require an additional \$300,000 per year plus the cost of health insurance inflation (estimated at 5% - 10%) and fund shortfalls.

Emergency Medical Services (EMS) Fund

Currently, the EMS fund has a deficit of roughly \$360,000. Emergency Medical Services are not a mandated county service and are not subject to the levy limits.

GOAL: Increase the tax levy \$120,000 per year for 3 years in order to eliminate the EMS deficit.

Fee Schedule

Approve all fee increases through the budget process. This will assure that all department budgets are accurate and we are capturing all revenue increases as part of the budget planning process.

GOAL: Create a county-wide fee schedule that is approved through the budget process.

Operational/Program Concerns

Vehicle Registration Fee (Wheel Tax)

Currently the annual wheel tax is \$20 per vehicle, which generates \$540,000 in revenue on an annual basis. If this is not renewed the county board would need to cut \$540,000 in expenses, along with any additional operational shortfalls.

GOAL: Renew the \$20 wheel tax with no sunset date. No sunset is needed due to the county board having the ability to eliminate the wheel tax at any time. Vote on continuation of the wheel tax no later than May.

2% Cost of Living Adjustment (COLA)

In 2016 the county completed a salary study and implemented the results of that study in 2017. The results of the study helped get salaries to a more competitive level and closer to market. Over the last 5 years the county has never given more than a 1% COLA. Ensuring we remain close to market and have competitive wages will help with recruitment and retention efforts.

GOAL: Budget a 2% COLA for 2021, contingent on funding.

No Program Expansion Without funding

No program expansion should occur without sustainable funding covering direct and indirect expenses or being approved by the full county board. No new programs or program expansion should occur outside the budget process.

GOAL: All new programming needs to be approved by oversight committee, Administrative and Legislative Committee and County Board. Once approved at all levels the new programming needs to be included in the county's budget process. Departments that request new programming should complete a new program/program expansion request form that Administration will draft. Departments will be required to give an annual report on the program for the first 5 years to oversight committee and County Board.

Vacant Positions

One way to address the budget challenges the county faces is to not fill vacant positions. All vacant positions need to be examined to assess the impact to the county, if not refilled.

GOAL: Administrative Coordinator will thoroughly examine the impact to the county if the position is not refilled. If the Administrative Coordinator concludes that the position needs to be refilled due to mandated positions, safety critical positions or minimum staffing requirements, then he/she can approve refilling it to expedite the hiring process. If the Administrative Coordinator does not approve, then the position (refill) request will go to Administrative & Legislative Committee to approve or deny.

Capital Improvement Projects (CIP)

During the 2020 budget process, the Finance Committee was forced to eliminate projects for the county's 5 year CIP plan.

GOAL: Administrative Coordinator and Finance Director propose a new CIP process to better help prioritize projects.

CITY OF MERRILL
1004 EAST FIRST STREET
MERRILL, WI 54452-2586

AN ORDINANCE: Personnel and Finance Committee

Re: Amending Chapter 2, Article IV, Section 2-85
Special Meetings.

ORDINANCE NO. 2020-
Introduced: _____
1st Reading: _____
2nd Reading: _____
3rd Reading: _____
Committee/Commission Action: _____

AN ORDINANCE

The Common Council of the City of Merrill, Wisconsin, does ordain as follows:

Section 1. Chapter 2, Article IV, Section 2-85 of the Code of Ordinances for the City of Merrill is amended to read as follows:

Special meetings may be called by the mayor or two Common Council Members upon written notice of the time and purpose thereof to each member of the council delivered to him or her personally or left at his their usual place of abode at least six hours before the meeting. The city clerk shall cause an affidavit of service of such notice to be filed in his office prior to the time fixed for such special meetings.

Section 2. Severability. In the event any section, subsection, clause, phrase or portion of this ordinance is for any reason held illegal, invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remainder of this ordinance. It is the legislative intent of the Common Council that this ordinance would have been adopted if such illegal provision had not been included or any illegal application had not been made.

Section 3. Repeal and Effective Date. All ordinances or parts of ordinances and resolutions in conflict herewith are hereby repealed. This ordinance shall take effect from and after its passage and publication.

Moved by: _____
Adopted: _____
Approved: _____
Published: _____

Approved: _____
Derek Woellner, Mayor
Attest: _____
William N. Heideman, City Clerk

Attachment: Ordinance on authority to call special meetings - Option 1 (5002 : Ordinance on scope of authority to call special meetings)

CITY OF MERRILL
1004 EAST FIRST STREET
MERRILL, WI 54452-2586

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Section 1. Chapter 2, Article IV, Section 2-85 of the Code of Ordinances for the City of Merrill is amended to read as follows:

Special meetings may be called by the mayor or two Common Council Members, one who shall be president of the Common Council, upon written notice of the time and purpose thereof to each member of the council delivered to him or her personally or left at his their usual place of abode at least six hours before the meeting. The city clerk shall cause an affidavit of service of such notice to be filed in his office prior to the time fixed for such special meetings.

Section 2. Severability. In the event any section, subsection, clause, phrase or portion of this ordinance is for any reason held illegal, invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remainder of this ordinance. It is the legislative intent of the Common Council that this ordinance would have been adopted if such illegal provision had not been included or any illegal application had not been made.

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Approved: _____
Derek Woellner, Mayor
Attest: _____
William N. Heideman, City Clerk

Attachment: Ordinance on authority to call special meetings - Option 2 (5002 : Ordinance on scope of authority to call special meetings)