



Village of

Little Chute

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2012 VILLAGE BUDGET MESSAGE AND ANALYSIS FROM THE VILLAGE ADMINISTRATOR

The 2012 Village Budget adopted by the Village Board on November 30, 2012 is a balanced budget with a tax levy totaling \$3,845,014. This tax levy represents an increase of 2.61% over the 2011 tax levy or an increase in the tax levy of \$98,130. The assessed value tax rate for Village purposes was set at \$6.87 which is 19 cents per 1,000 dollars of assessed valuation higher than in 2011. The average assessed value for all homes in the Village of Little Chute is approximately \$135,000. The 2012 tax rate will result in a tax increase of approximately \$25.65 on the tax bill for **Village purposes** for this average assessed value home. The **total tax bill decrease** on this same average \$135,000 assessed value home if located within the Little Chute School District will be approximately \$195.75 broken down as follows:

\$ 25.65 -Village of Little Chute increase

\$249.75 -Little Chute School District decrease

\$ 25.65 -Outagamie County increase

\$ 2.70 - Fox Valley Technical College increase

\$ **0.00** - State of Wisconsin

\$ 195.75 - Total Tax Decrease for a \$135,000 Assessed Value Home

Located in the Little Chute School District (before Lottery Credit and First Dollar Credit).

**** The State of Wisconsin budget resulted in a no tax increase or decrease, however, the State passed on revenue reductions to the Village of \$171,046.**

BUDGET HIGHLIGHTS

2011 WAGES AND BENEFITS – My budget included and the Village Board adopted a two percent (2%) increase in the budget line item for wages for non-represented (non-protective) Village employees for 2012. This is the same group of employees that contributed 5.8% of their cost for the Wisconsin Retirement Program effective August 1, 2011. The employee contributions resulted in a Village savings of \$26,260 for 2011 and an additional savings of \$42,390 for 2012. The Village Board is still discussing how wage increases will be implemented for 2012.

Prior to the implementation of Act 10, the Village extended its contract with the public works and parks union employees. The union agreed to no wage increases for both, 2012 and 2013. In addition, they contributed 2.9% of their cost for the Wisconsin Retirement Program effective August 1, 2011 and will contribute 5.8% for 2012. The employee contributions resulted in a Village savings of \$6,635 for 2011 and an additional savings of \$28,510 for 2012.

PERSONNEL CHANGES – No new employees were authorized for Village departments for 2012.

FUND BALANCE – The Village’s undesignated Fund Balance at year-end is projected to total \$975,000 or 17.5% of our annual expenditure budget which provides the Village with somewhat limited options in the event it is needed as a “rainy day” insurance policy or for use to address unanticipated needs as we proceed through next year. The Village’s historical goal for the Fund Balance has been the level of 25% of the annual expenditure budget. The Village Board made a number of expenditure decisions throughout 2011 utilizing \$1,004,760 of undesignated fund balance to support expenditures for unforeseen projects that were not included in the 2011 adopted budget. The Village has several identified sources of revenue that will likely be available to the Village in 2012 that will be utilized to replenish the undesignated fund balance and increase it back to the target level. There was no use of the undesignated fund balance to support expenditures or balance the 2012 budget.

DEBT- The 2012 total budget for debt service is \$2,105,892. The tax levy is scheduled to cover \$605,086 of this debt service payment with the balance being paid by collection of special assessments, T.I.D. increment, and utility user fees. During 2011, the Village issued approximately \$6,715,000 general obligation bonds and \$1,330,000 general obligation notes to finance public infrastructure projects, park improvements and building improvements and renovation. The Village does not plan to borrow any additional long term debt in 2012. The Village’s debt ratio at the end of 2011 is anticipated to be approximately 52.91% of the legal limit. The long term average debt ratio goal of the Village Board is to be around 50% of the legal limit.

STATE REQUIRED EXPENDITURE RESTRAINT AND LEVY LIMITS- The 2012 Expenditure Restraint Limit is 2.8%. The adopted budget is a 36.3% decrease below the General Fund expenditure limit. This significant reduction is due to a change in the presentation of the property tax levy allocation for the Fox Valley Metro Police Department. The new Levy Limit worksheet for 2012 allowed the Village to increase the 2012 levy by \$455,538 or 12.16%. As adopted the 2012 budget increases the Village levy by 2.61%, utilizing just \$98,130 of the available levy limit. The Village Board decided to utilize approximately \$79,000 of this levy increase to bolster the Village’s fleet replacement and equipment replacement funding so that the Village would not be faced with having to utilize debt to purchase vehicles and equipment that have a limited lifespan of 10 to 15 years. This decision by the Village Board which I fully support represented 15 cents of the 19 cent tax rate increase that was approved for 2012.

SANITARY SEWER, WATER, AND STORM WATER UTILITY RATES AND SOLID

WASTE/RECYCLING FEES – Utility rates for Sewer increased 7% July 1, 2011. No rate increase is proposed for 2012. The Public Service Commission of Wisconsin also authorized a 17% increase in water rates effective September 6, 2011 so there will not be a water rate increase in 2012. The Storm Water rate will also remain the same for 2012

A new Solid Waste/Recycling fee was implemented back in 2010 to cover the cost of garbage collection and Village recycling costs. This fee will be increased for both residential and commercial services in 2012 with the residential fee for the 65 gallon poly cart increasing 50 cents per month (\$6.00 per year) and the commercial service increasing by \$100 per year for the 300 gallon container. Similar to the tax levy increase, this increase in fees is substantially needed to fund equipment replacement which includes the proposed expenditure of \$160,000 in 2012 to purchase a new garbage truck

SUMMARY AND ACKNOWLEDGEMENTS – The 2012 Village Budget was a difficult undertaking from the standpoint that Governor Walker’s State Budget reduced State revenues to the Village by \$171,000 and his promised tools to deal with these reductions only covered \$61,000 of these revenue cuts. In addition there was

literally no growth in the Village's tax base and interest income on investments is severely reduced, both due to the economic conditions locally, regionally and nationally. These factors all contributed to a strained budget process. I believe we experienced an unprecedented occurrence in 2011 in that the Village has not issued one building permit to date for a new single family home, duplex or apartment building unit to be built in the Village. While the staff and Village Board were not faced with having to cut services to Village residents for 2012 we may not be this fortunate as we start looking at the 2013 Village Budget unless the Village starts to experience some growth in a currently stagnant tax base.

I would like to acknowledge the dedicated work of all of our Village Department Heads and their staff in the preparation of their budgets. I know that my directing departments to hold their operating expenses at absolutely no increase over 2011 levels is far easier than the job our Department Heads have in figuring out how to do this without significantly cutting services to our residents. The possibility still exists that we may have to look at cutbacks to accommodate any increase in cost that results from an arbitration settlement over a new union contract with the Fox Valley Metro Professional Police Union.

This year it is my pleasure to recognize and highlight the diligent and professional efforts on the 2012 Village Budget provided by our new Finance Director, Teri Matheny. Teri started her new position in September faced with the fact that we were well behind schedule with the budget process due to the retirement of Dale Haug. Teri jumped right in and did a wonderful job getting us back on track and in a position to be able to adopt the Village budget by the end of November. This was made possible through the help of Teri's support staff in the Finance Department and by our Department Heads who had to take extra effort to explain and educate Teri on numerous facets of their department operations and budgetary issues. I also want to recognize and thank the Village Board for their cooperation throughout the budget process and for keeping a positive attitude even though they were faced with making significant and difficult budget decisions within a shortened timetable. While no one wants to raise taxes or pay more for services, I strongly support the tough decision the Village Board debated and ultimately made to raise the tax levy and consequently the tax rate to provide the extra dollars for the Village fleet and equipment replacement funds. This was a necessary decision because many elements of the Village's fleet of equipment are getting old and are in need of replacement and this can only be addressed if dollars are made available and accumulated over time to make these necessary and often very expensive expenditures.

Sincerely,



Charles P. Kell
Village Administrator
December 8, 2011

