



CITY OF BERLIN 2019 BUDGET



Prepared by: Jodie Olson, City Administrator

2019 GENERAL FUND EXPENDITURE BUDGET

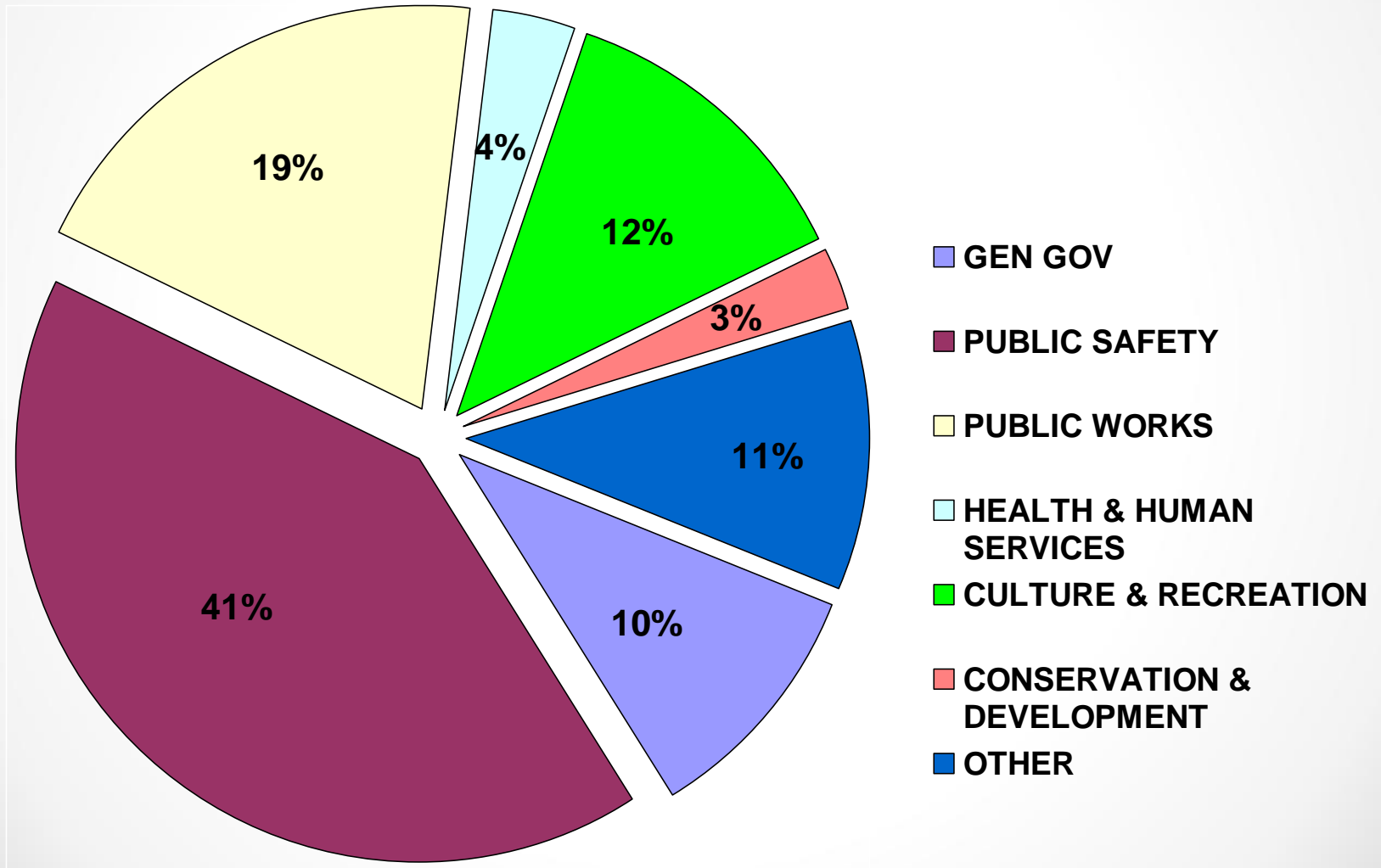
2018 Budget: \$6,432,819

2019 Budget: \$6,434,370

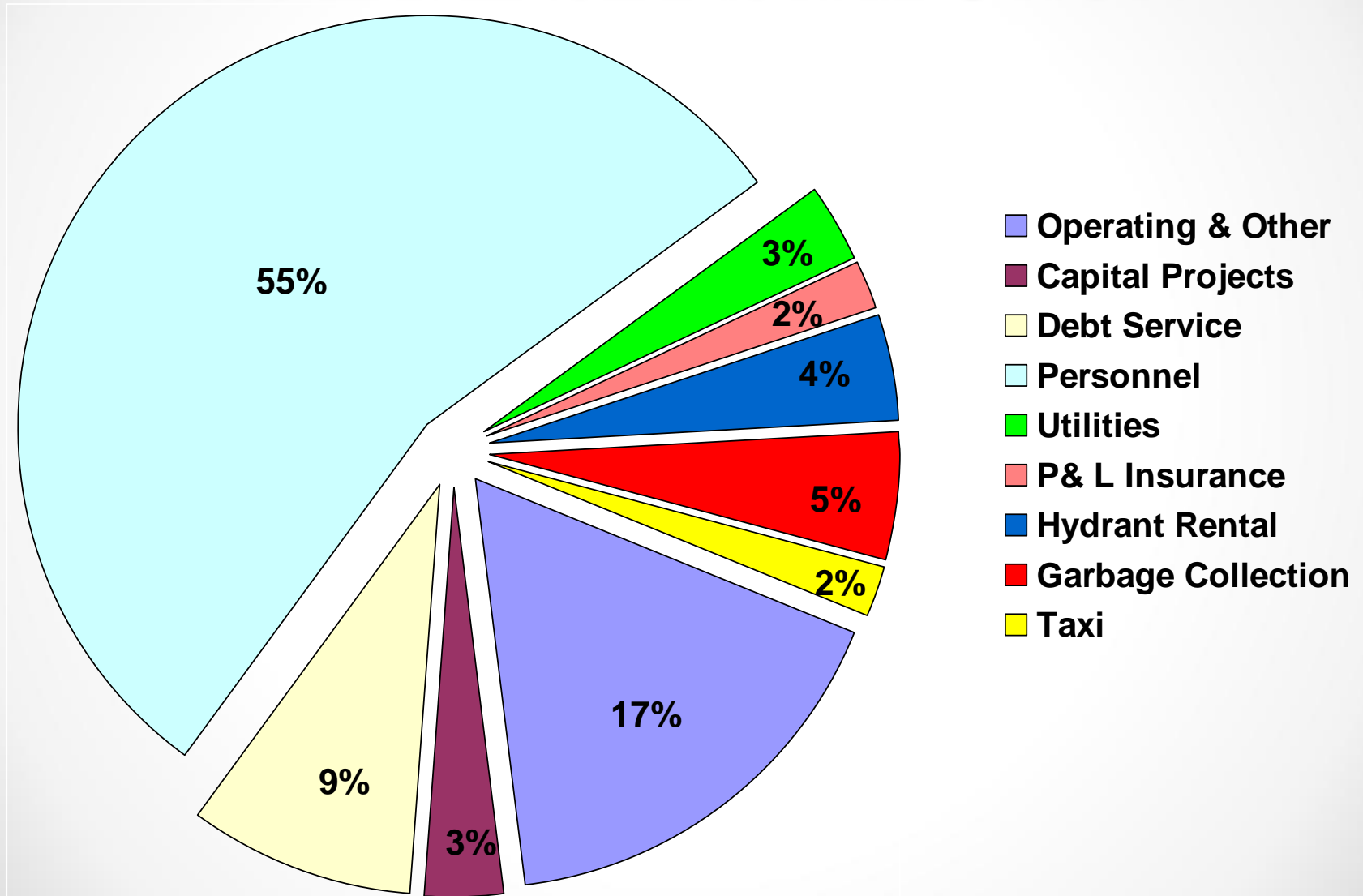
\$Change \$ 1,551

% Change 0.0002%

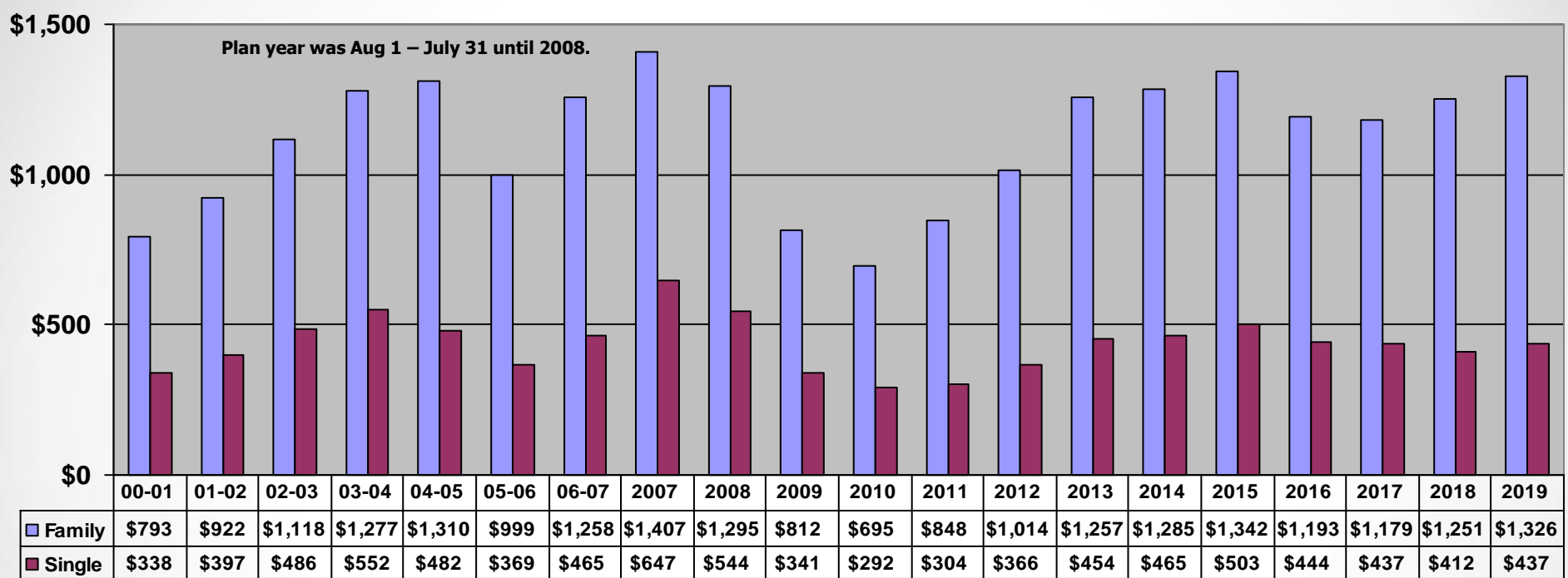
2019 EXPENSE DISTRIBUTION by DIVISION



2019 EXPENSE DISTRIBUTION



HEALTH INSURANCE



04-05 Stop Loss Deductible per individual had to be raised from \$20,000/person to \$25,000 per person to get this rate.

05-06 City switched from self-funded plan to fully-insured, high deductible HSA plan.

2007 This was a five-month rate from Aug-Dec. We then switched to a calendar year plan for 2008.

2008 Negotiated retirees off of Health Insurance Plan.

2009 Switched from WPS to Network Health.

2010 Network Health offered a 14.41% premium decrease for raising deductible from \$1200/\$2400 to \$1500/\$3000. Special Agreement signed w/unions.

2011 Network Health offered 19.8% renewal increase

2012 Network Health offered 22.12% renewal increase

2013 Network Health offered 24% renewal increase

2014 Network Health offered 9.6% increase; went to HMO to keep cost down

2015 Network Health offered 11.59% renewal for \$1500/\$3000 ded (\$543-S/\$1449-F); Second option is 3.59% increase w/\$2000/\$4000 deductible

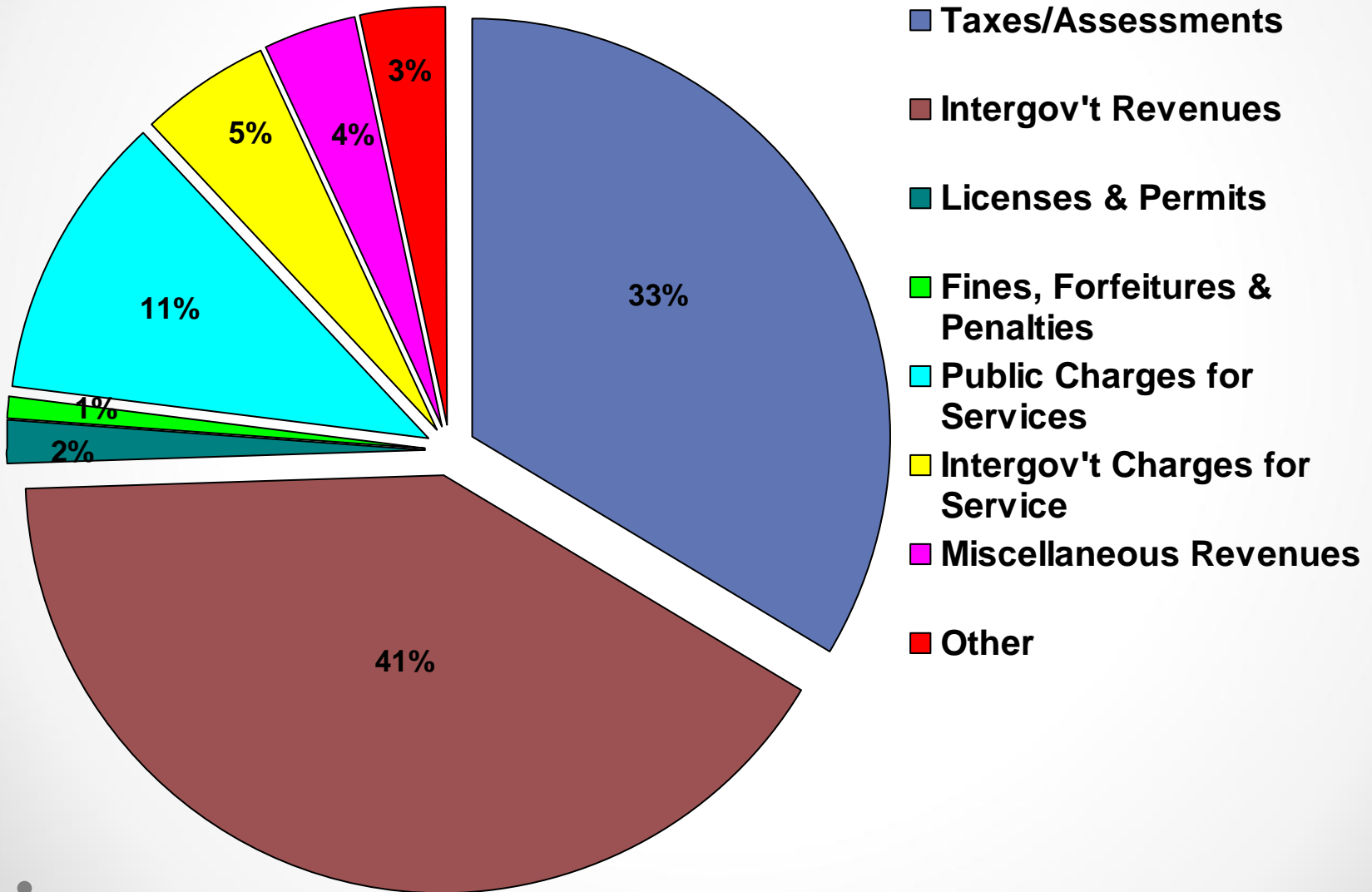
2016 Switched to United HealthCare on 10/1/15; \$2k/\$4k deductible with copays on drugs after deductible met to a max OOP

2017 Remained with United HealthCare as in 2016. Mandatory Obamacare changes created doctor visit co-pay and other changes

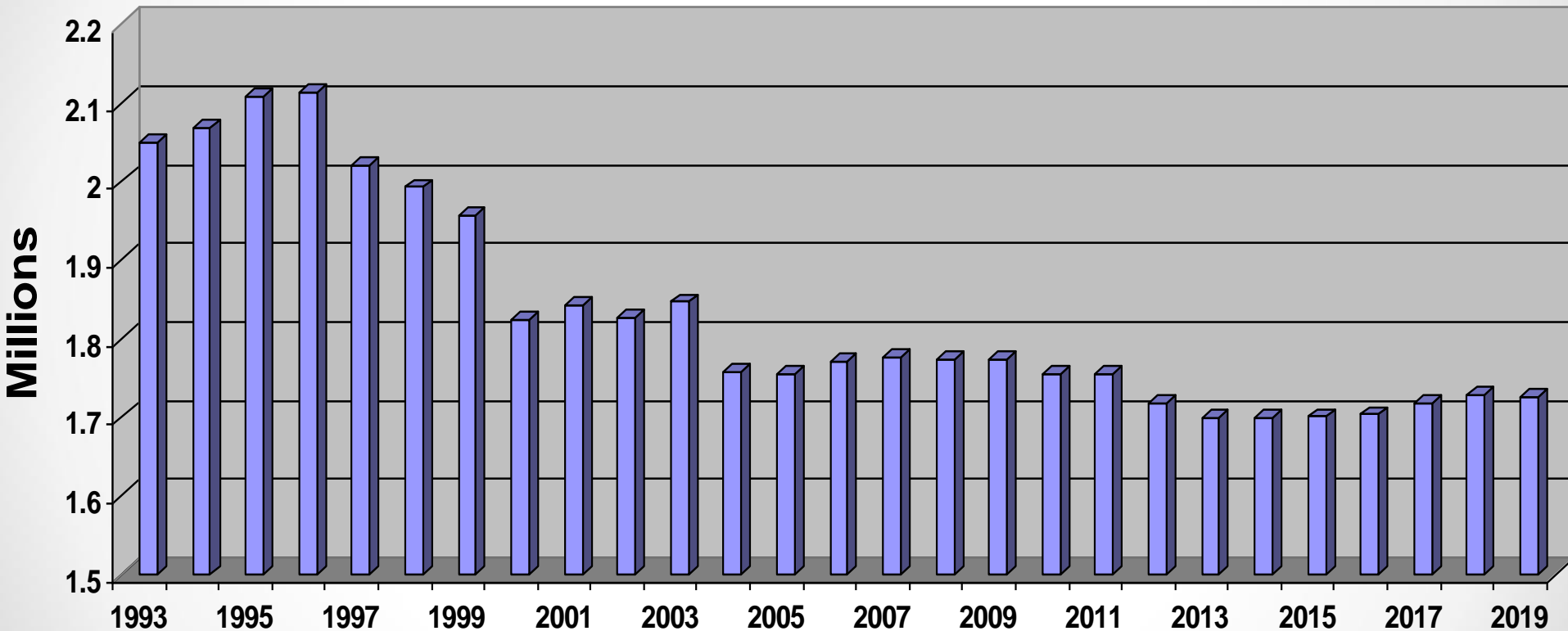
2018 UHC offered 17% increase. Increased plan deductible to \$3,500/\$7,000 and offered existing plan as a “buy-up” provision.

2019 UHC offered 6% increase

2019 REVENUE DISTRIBUTION

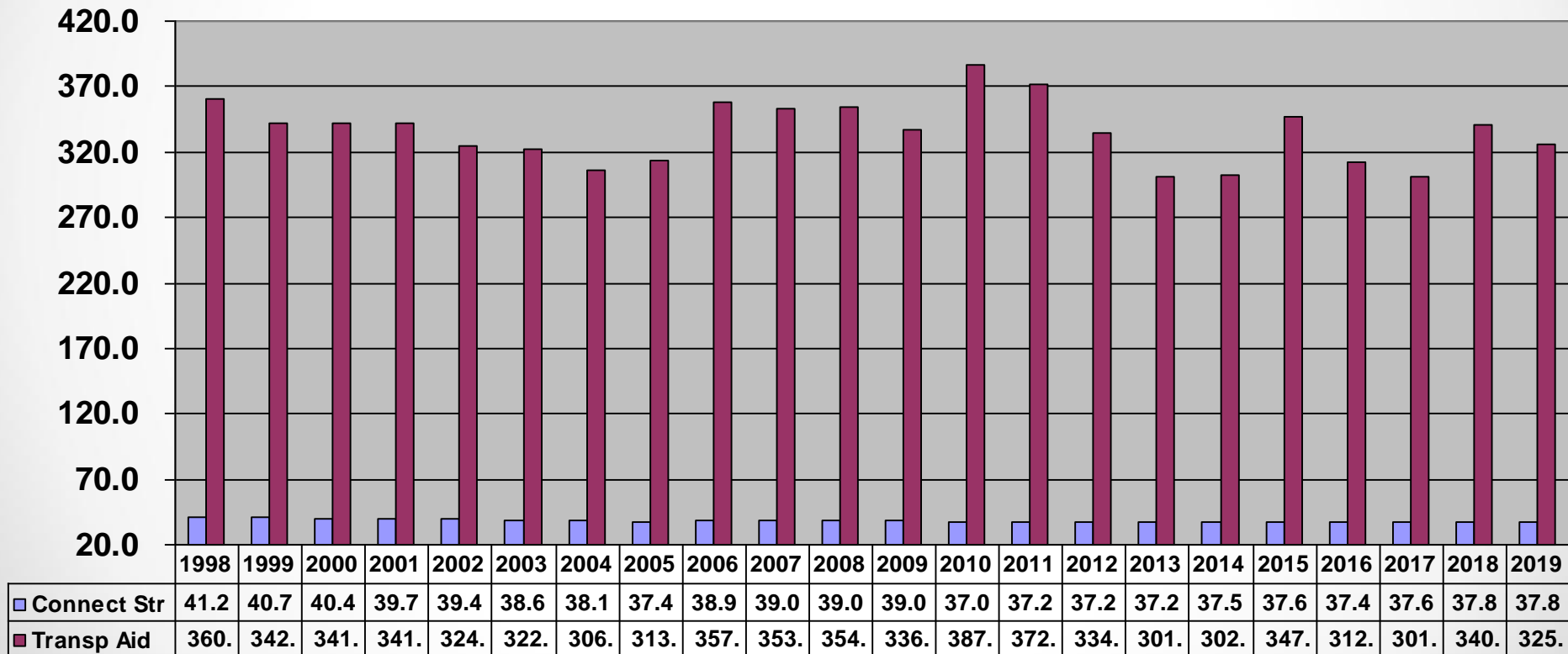


SHARED REVENUE 1993-2019

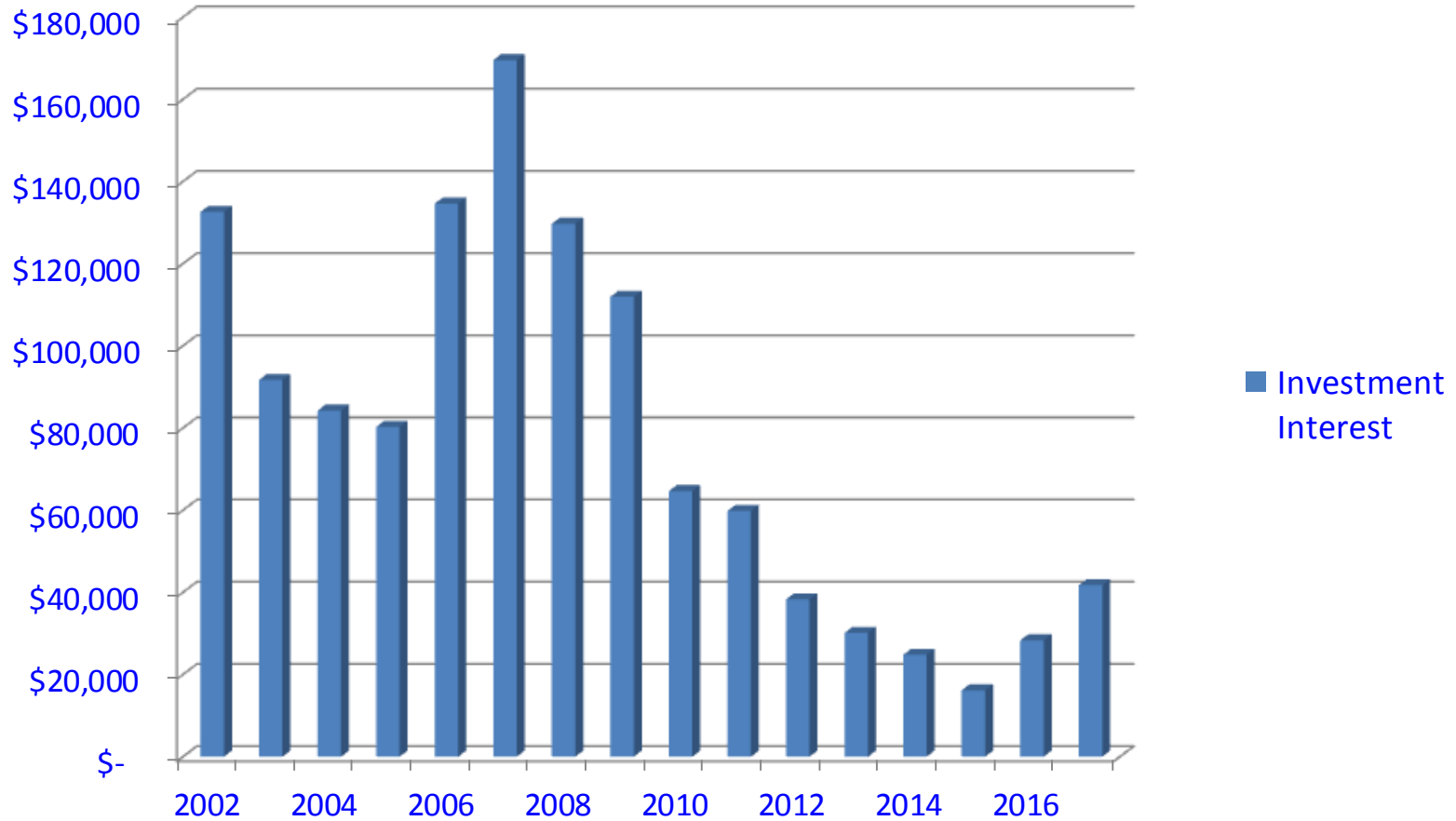


NOTE: Shared revenues have been calculated according to various formulas thru the years, but the general principle behind them has been that communities with less tax base should receive more revenue. Consequently, shared revenue payments among municipalities vary greatly.

STATE TRANSPORTATION AIDS 1998-2019



INVESTMENT EARNINGS



2018 TAXES (Collectible 2019)

LEVY
AND
MILL RATES

LEVY LIMITS

- ❑ For 2018, municipal levies can increase by 0% or the rate of growth from NET new construction. This is based on Equalized value, not Assessed value.
 - *Net new construction was .45% or \$1.2M, which equates to a levy increase of \$6.9k*
- ❑ When a TID is closed out, municipalities only get credit for 50% of the increased valuation at closing for levy purposes.
 - *There were no TID closures in 2018.*
- ❑ Debt service is currently outside of the levy limits.
- ❑ Municipalities cannot remove fees from the tax roll and place on taxes as special charge without reducing the levy by that amount.
 - *With the passage of the 2017-2018 state budget, a community can now shift fire protection fees from levy to customer utility bills without needing to reduce its allowable levy. This means it is possible for the City to shift over \$247,775 from tax levy to be directly billed via Utility bills for fire protection fees.*

2018 TAX LEVY

- 2018 Allowable Levy: **\$2,079,430**
 - 0% increase or net new construction
 - Post 7/1/05 debt service allowed
 - **Recommended 2018 Levy: \$2,079,430**
 - Levy \$ increase over 2017: **(\$32,761)***
 - % increase over 2017 levy: **(1.55%)**
- ***\$6.9K Net New Construction**

NOTE: Levies for all WI municipalities were up about 2.9%% in 2018. Avg municipal levy per capita in WI was \$595. Berlin's levy per capita was \$378.

MILL RATE COMPARISONS

CITY OF BERLIN Mill Rate Comparisons

Green Lake		
Tax		%
<u>Year</u>	<u>Mill Rate</u>	<u>Change</u>
2000	0.007720426	
2001	0.006897244	-10.7%
2002	0.006910334	0.2%
2003	0.006910335	0.0%
2004	0.007684317	11.2%
2005	0.00781192	1.7%
2006	0.007879479	0.9%
2007	0.0080573589	2.3%
2008	0.0082318415	2.2%
2009	0.0083341170	1.2%
2010	0.0078794590	-5.5%
2011	0.0079336438	0.7%
2012	0.0079463765	0.16%
2013	0.0082850597	4.26%
2014	0.0085619958	3.34%
2015	0.0087818683	2.57%
2016	0.0087785510	-0.04%
2017	0.0085508254	-2.59%
2018	0.0085896366	0.45%

Waushara		
Tax		%
<u>Year</u>	<u>Mill Rate</u>	<u>Change</u>
2000	0.008038800	
2001	0.007075550	-12.0%
2002	0.006910334	-2.3%
2003	0.007016513	1.5%
2004	0.007999592	14.0%
2005	0.007948305	-0.6%
2006	0.007247463	-8.8%
2007	0.009113755	25.8%
2008	0.008556434	-6.1%
2009	0.008377226	-2.1%
2010	0.007935858	-5.3%
2011	0.010147041	27.9%
2012	0.008103664	-20.1%
2013	0.008167988	0.8%
2014	0.008572113	4.9%
2015	0.008654284	1.0%
2016	0.008791480	1.6%
2017	0.008625856	-1.9%
2018	0.008525977	-1.2%

CAPITAL PROJECTS
&
EQUIPMENT REPLACEMENT

2019 CAPITAL PROJECTS: EXPENDITURES

- ❑ **\$ 160K** Med 1 Ambulance (split with towns)
- ❑ **\$ 42K** Squad Car
- ❑ **\$ 27K** Taxi (20% City/80% grant)
- ❑ **\$ 175K** River Drive
- ❑ **\$ 38K** Jefferson Street-LRIP project (part grant)
- ❑ **\$593K** N. Capron Street Reconstruction
- ❑ **\$100K** 2nd Coat of Pavement for 2018 5th Ward Projects

2019 CAPITAL EQUIPMENT/ REPLACEMENT

FUNDS SET ASIDE FOR FUTURE EQUIPMENT/CAPITAL PROJECTS

- ❑ \$ 3K Portable PD Radios
- ❑ \$ 4K Command Truck
- ❑ \$5.4K Taxi Replacement (2019)
- ❑ \$ 30K Squad Car Replacement (2019)
- ❑ \$ 25K Ambulance Replacement
- ❑ \$ 35K Ripon Road 2020 Construction/2017-18 design
- ❑ \$ 30K Pedestrian Bridge Repair

PROPERTY VALUATIONS

Assessed Valuation

vs.

Equalized Valuation



WHAT IS “Assessed” VALUE?

- ❑ Assessed Valuation or market valuation is used for calculating local tax rates to ensure fairness in distributing the tax burden within a local municipality.
- ❑ Used in calculating local mill rates.
- ❑ Assessed valuations are assigned by the local assessor.
- ❑ WI DOR compares current assessments to current sales (expressed as a ratio) to monitor compliance. If city-wide ratio falls out of compliance (*less than 90% or over 110% of fair market value*), for three years in a row, a Revaluation is necessary.
- ❑ Currently, the City of Berlin is in full compliance with assessment ratios. City of Berlin assessment ratios are:
 - ❑ Green Lake County: 93.26%
 - ❑ Waushara County: 93.96%

ASSESSED VALUE GREEN LAKE COUNTY

Green Lake County Assessed Valuation			
<u>Year</u>	<u>Value</u>	<u>% Change</u>	<u>\$ Change</u>
2001	165,661,800	0.00%	-
2002	194,462,100	17.38%	28,800,300
2003	195,319,200	0.44%	857,100
2004	195,025,300	-0.15%	(293,900)
2005	195,818,400	0.41%	793,100
2006	197,824,000	1.02%	2,005,600
2007	198,795,400	0.49%	971,400
2008	203,336,500	2.28%	4,541,100
2009	207,032,200	1.82%	3,695,700
2010*	222,420,600	7.43%	15,388,400
2011	223,611,000	0.54%	1,190,400
2012	228,971,600	2.40%	5,360,600
2013	234,910,200	2.59%	5,938,600
2014	237,717,300	1.19%	2,807,100
2015	237,339,100	-0.16%	(378,200)
2016	240,610,000	1.38%	3,270,900
2017	245,517,100	2.04%	4,907,100
2018	240,618,200	-2.00%	(4,898,900)

*Revaluation Year

ASSESSED VALUE WAUSHARA COUNTY

Waushara County Assessed Valuation			
<u>Year</u>	<u>Value</u>	<u>% Change</u>	<u>\$ Change</u>
2001	7,543,200	0.00%	-
2002	8,503,500	12.73%	960,300
2003	8,443,100	-0.71%	(60,400)
2004	8,675,400	2.75%	232,300
2005	8,842,500	1.93%	167,100
2006	9,995,600	13.04%	1,153,100
2007	9,578,100	-4.18%	(417,500)
2008	9,781,900	2.13%	203,800
2009	10,479,700	7.13%	697,800
2010*	10,482,300	0.02%	2,600
2011	10,359,900	-1.17%	(122,400)
2012	10,535,300	1.69%	175,400
2013	11,505,500	9.21%	970,200
2014	11,920,200	3.60%	414,700
2015	12,062,000	1.19%	141,800
2016	11,733,700	-2.72%	(328,300)
2017	11,965,900	1.98%	232,200
2018	12,426,100	3.85%	460,200

*Revaluation Year

WHAT IS “Equalized” VALUE?

- ❑ Equalized Valuation – Uniform and standardized estimation of a municipality’s total value to guarantee the fairness in distribution of the tax burden. If a city has 30% of the total value in the county, the city taxpayers should pay 30% of the taxes to be collected for county costs. No more; no less.
- ❑ Used in calculations for other taxing entities, various TID valuations, debt capacity calculations, distributing local aids, etc.
- ❑ Equalized Valuations are assigned by the Department of Revenue.

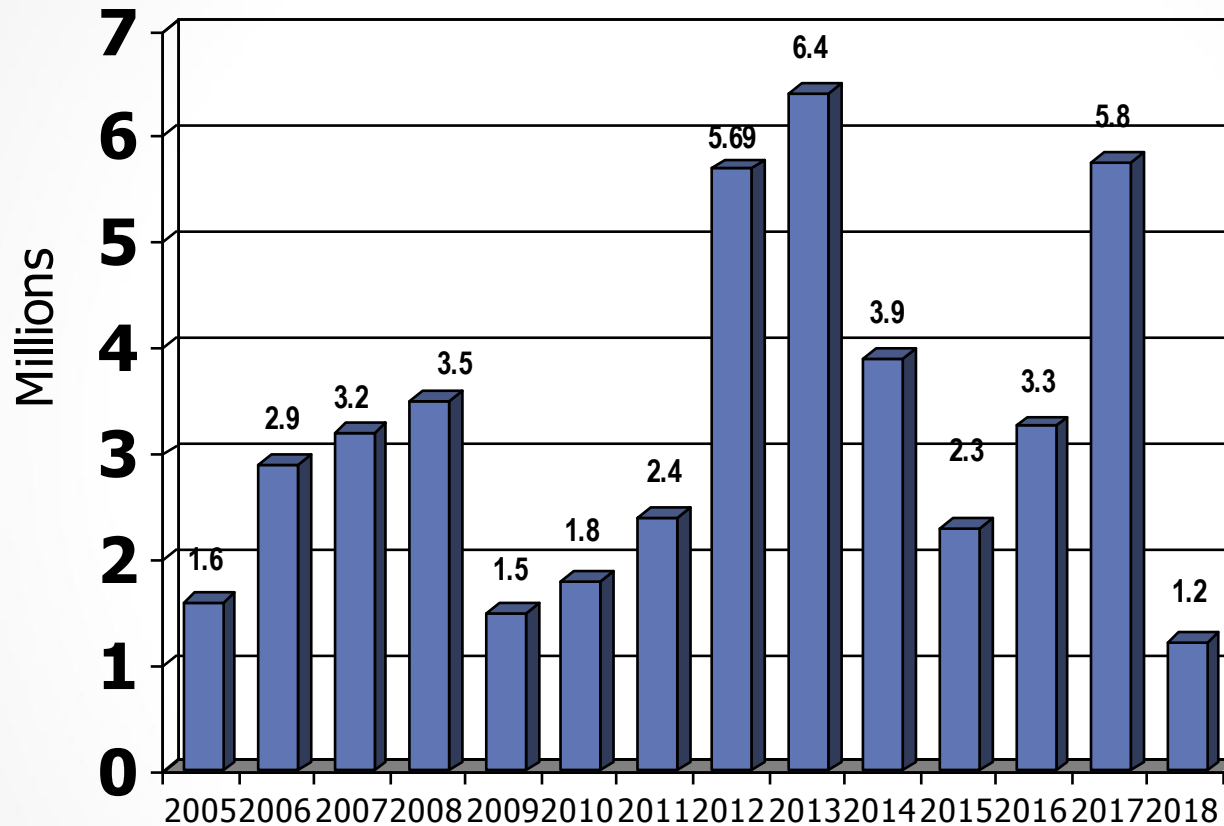
EQUALIZED VALUE GREEN LAKE COUNTY

Green Lake County Equalized Value				
	w/o TIF		w/TIF	
<u>Year</u>	<u>Value</u>	<u>% Change</u>	<u>Value</u>	<u>% Change</u>
2001	175,393,600		183,893,100	
2002	185,627,600	5.83%	194,912,300	5.99%
2003	189,982,700	2.35%	199,263,700	2.23%
2004	196,175,400	3.26%	205,743,900	3.25%
2005	198,559,500	1.22%	208,346,900	1.27%
2006	211,492,300	6.51%	221,661,600	6.39%
2007	216,111,000	2.18%	226,119,900	2.01%
2008	212,116,100	-1.85%	222,806,700	-1.47%
2009	218,041,300	2.79%	228,818,400	2.70%
2010	220,304,200	1.04%	230,309,900	0.65%
2011	224,140,700	1.74%	233,810,700	1.52%
2012	219,011,200	-2.29%	228,781,200	-2.15%
2013	228,101,700	4.15%	239,024,800	4.48%
2014	228,395,900	0.13%	241,468,300	1.02%
2015	230,201,700	0.79%	243,172,100	0.71%
2016	238,433,500	3.58%	251,351,900	3.36%
2017	253,980,100	6.52%	258,270,100	2.75%
2018	253,727,400	2.75%	257,994,300	-0.11%

EQUALIZED VALUE WAUSHARA COUNTY

Waushara County Equalized Value				
	w/o TIF		w/TIF	
<u>Year</u>	<u>Value</u>	<u>% Change</u>	<u>Value</u>	<u>% Change</u>
2001	3,845,600		8,473,300	
2002	4,338,100	12.81%	8,972,100	5.89%
2003	4,395,000	1.31%	9,038,800	0.74%
2004	4,921,100	11.97%	9,527,700	5.41%
2005	4,933,600	0.25%	9,572,500	0.47%
2006	5,222,100	5.85%	10,301,400	7.61%
2007	5,479,300	4.93%	12,323,000	19.62%
2008	5,516,200	0.67%	11,141,200	-9.59%
2009	5,537,100	0.38%	11,642,400	4.50%
2010	5,500,700	-0.66%	10,931,800	-6.10%
2011	5,521,400	0.38%	10,845,600	-0.79%
2012	5,384,300	-2.48%	10,734,900	-1.02%
2013	5,492,300	2.01%	11,541,600	7.51%
2014	5,595,800	1.88%	12,122,600	5.03%
2015	5,565,300	-0.55%	12,179,100	0.47%
2016	5,777,700	3.82%	12,275,600	0.79%
2017	5,855,600	1.35%	12,697,900	3.44%
2018	5,840,600	3.44%	13,224,700	4.15%

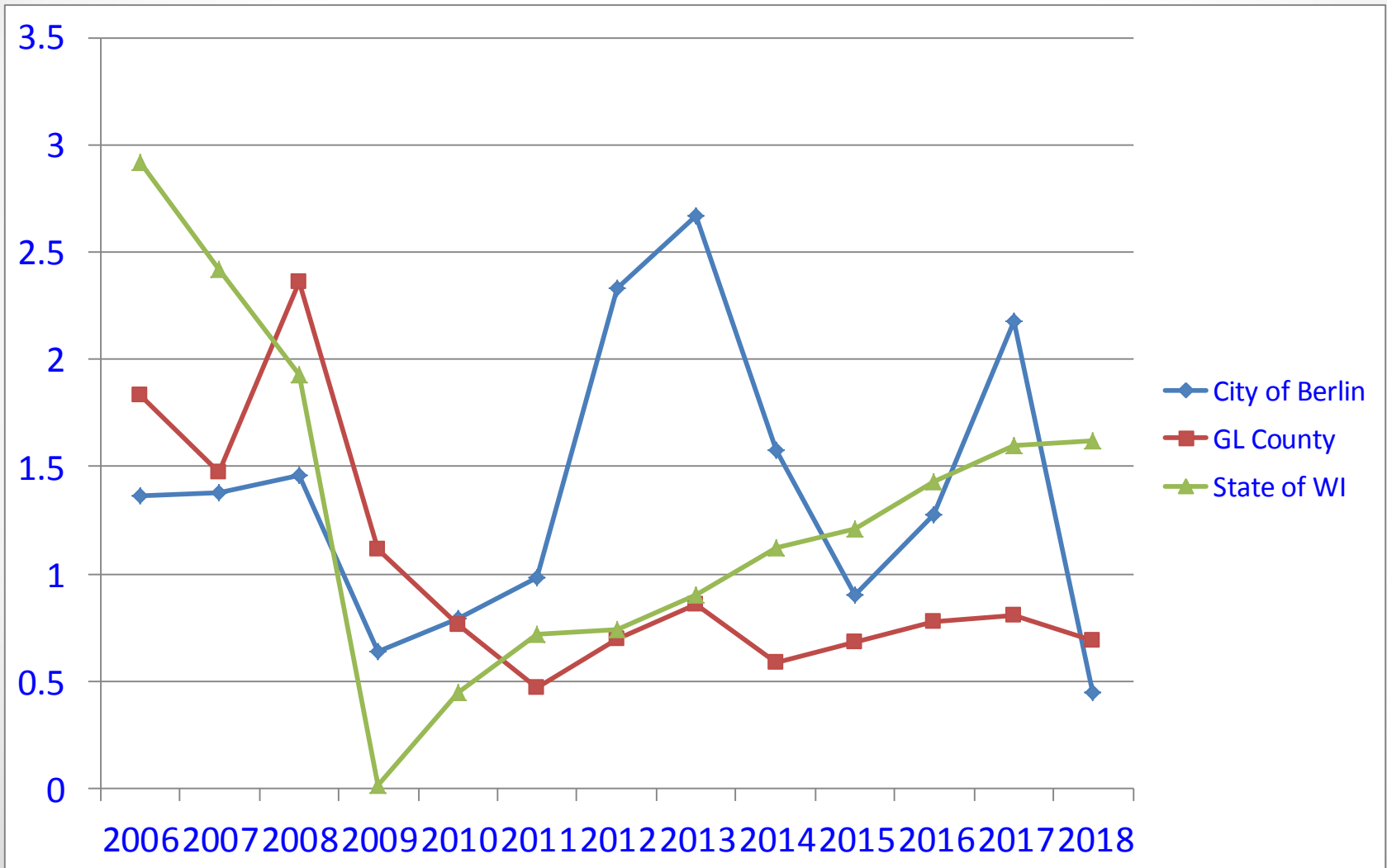
NET NEW CONSTRUCTION \$



HOW DOES BERLIN COMPARE IN NET NEW CONSTRUCTION AROUND THE STATE?

.45% - City of Berlin
1.62% - State of Wisconsin
.69% - Green Lake County
.83% - Waushara County

NET NEW CONSTRUCTION % COMPARISONS



**TAX INCREMENTAL
FINANCING DISTRICTS
(TIF or TID)**

TID BITS

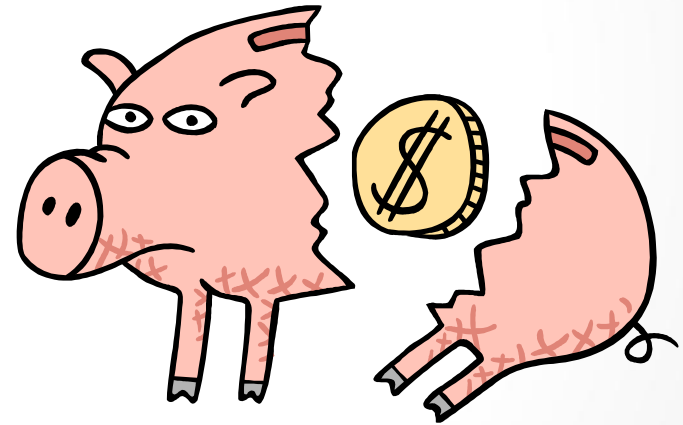
Municipalities are limited to TID creation by 12% of Equalized Valuation

- ❑ 12% of City of Berlin Equalized Value Limit: **\$32.5M**
- ❑ City of Berlin TID Valuation currently: **\$10.6M** (does not include environmental TIDs)
- ❑ TID capacity remaining: **\$21.9M**
- ❑ Berlin currently has **6 active TIDs**
- ❑ Est. 12/31/18 TID Advance from General Fund: **\$1.31M** (TID 9,10, & 01E)

TID BITS

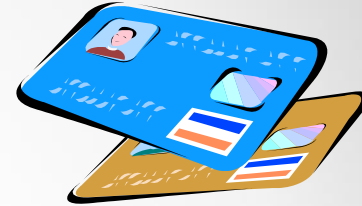
- ❑ **TID#01E (RAJ)** This TID is not cash flowing currently, but debt service is scheduled thru 2023. It has opportunity to cash flow by end of life.
- ❑ **TID#02E (David White)** has a positive cash flow. In 2014 we signed a developers agreement with the State Bank of Chilton to reimburse for environmental clean-up costs.
- ❑ **TID #9 (Downtown Riverblock)** Joint Review Board approved a 3-year extension for this TID in 2017.
- ❑ **TID #10 (North Business Park)** TID 10 is paying the General Fund back approximately \$180k/year. This payback is designated to go towards debt service. Joint Review Board approved a 3-year extension for this TID in 2017.
- ❑ **TID#14 (East Ridge Apartment Complex)** is cash flowing and the developer has been 100% paid out as per the agreement. The only debt left is for the Utility.
- ❑ **TID #15 (Downtown TID)** is \$875,900 valuation short of it's base value; therefore, does not create any increment at this time.

MAINTAINING FISCAL SOUNDNESS



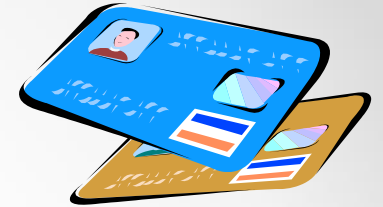
RESERVES

CITY OF BERLIN DEBT



- ❑ **Legal Debt Limit:** Equal to **5%** of total equalized value.
- ❑ **City of Berlin's *legal debt limit*:** **\$13.5M** (271,219,000* 5%)
- ❑ **2018 Year-end Anticipated Debt:** **\$4.15M**
- ❑ **Debt/Capacity Ratio:** **3.1%** (goal is 45% or below)
- ❑ **Maximum Debt Per Policy:** **\$6.1M**
- ❑ **2019 City of Berlin Per Capita debt:** **\$829**
- ❑ **Avg *Municipal* Per Capita debt:** **\$1,649** (MunicipalFacts18)
- ❑ **Note:** We are currently in the process of looking to refinance WRF bank loan and also intend on borrowing \$650k in 2019 for street projects. These are not reflected in the above; however, the impact will be minimal.

CITY OF BERLIN DEBT



Debt is a viable, prudent, and necessary option for capital project funding. Strict levy limits have forced debt to be a necessary measure to handle rising costs of services. Steady debt payments allow capital projects to occur while allowing a more stable mill rate.

- ❑ **NON-TIF DEBT:*** \$ 4.05M Debt/Capacity Ratio: 30% Final Pmnt Due: 2033
- ❑ **TIF DEBT:** \$ 96K Debt/capacity Ratio: <1% Final Pmnt Due: 2023

- ❑ **LENGTH OF DEBT:** Length of debt terms should not extend beyond the life of the infrastructure being borrowed for. Taxpayers who are paying for the debt, should be receiving the benefit of the project.

- ❑ **MAINTAINING REASONABLE DEBT AMOUNT.** The City of Berlin's financial policy for debt is not to exceed 45% of the legal debt limit. Municipalities who borrow over 50% of their legal debt limit, or max out borrowing capacity may find difficulty receiving decent bond ratings, jeopardize current bond ratings, create higher borrowing rates, or could find it difficult to borrow when a major capital project arises. Debt load can have a significant impact on mill rates.



UNASSIGNED FUND BALANCE



❑ UNASSIGNED FUND BALANCE IS USED FOR:

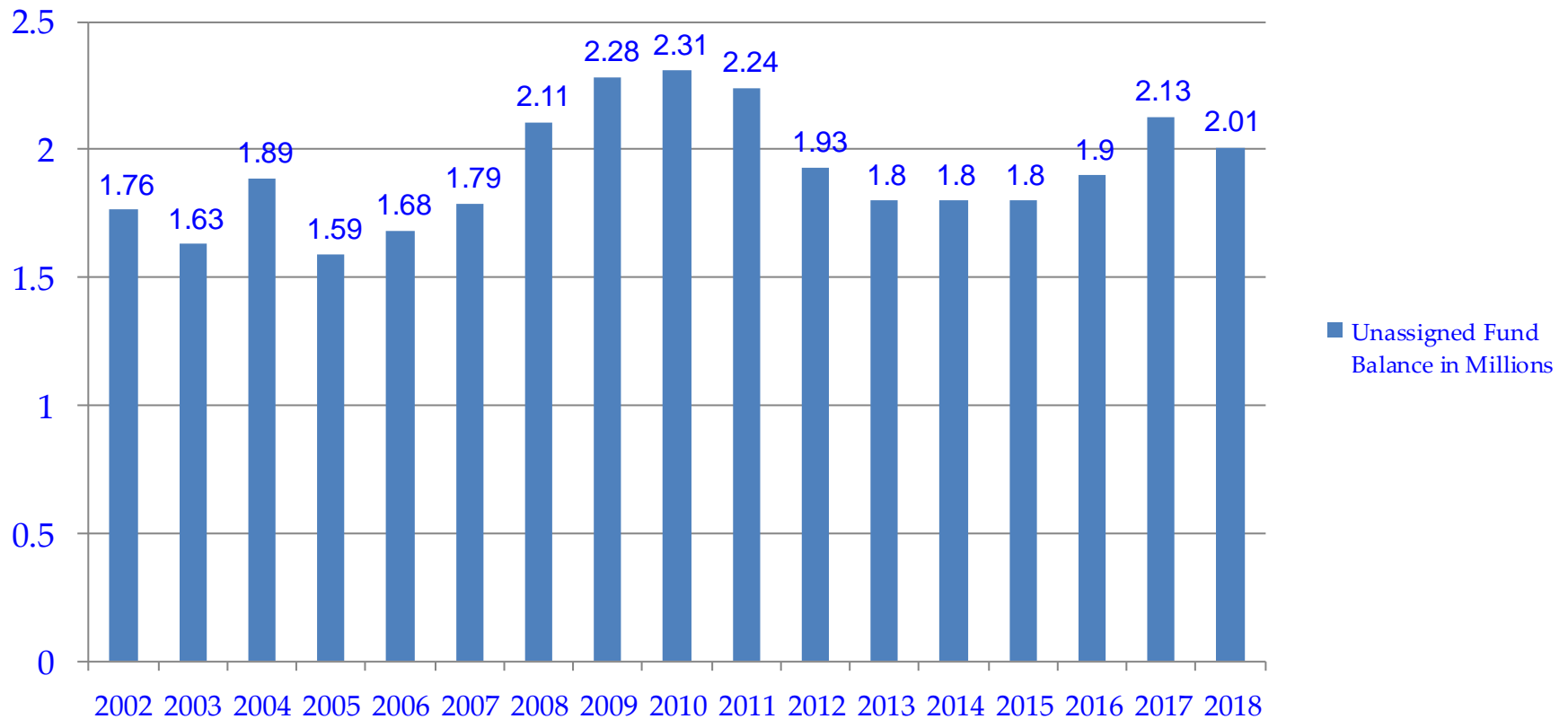
- Emergency Situations
- Liquidity to handle spikes and timing of revenues
- Offset risk of high dependency on state funding and potential for pulled funding.
- Proving solvency for better borrowing rates
- Providing funding for TID advances

❑ **CITY OF BERLIN FINANCIAL POLICY** indicates *unassigned general fund balance* be maintained between **25-30%** of operating budget **plus anticipated future TID advances**. This provides approximately 3 months operating capital along with TID advances.

❑ **2018 UNASSIGNED FUND BALANCE** is anticipated to be at **\$2.01M** at year-end for a **30%** fund balance. This is adequate to cover revenue fluctuations plus the TID advances needed.

UNASSIGNED FUND BALANCE

Millions



COMMUNITY COMPARISONS

Source: MunicipalFacts18

	High	Median	Low	Mid-Range		Berlin
General Gov't Per Capita	153	94	49	71	103	107
Street Maintenance Per Capita	171	111	66	93	133	126
Fire-Ambulance Per Capita	204	80	26	46	128	204
Net Fire-Ambulance Per Capita	197	59	26	43	128	186
Police Per Capita	436	212	77	189	253	228
Net Police Per Capita	436	212	77	188	253	214
Basic Spending Per Capita	863	510	341	450	566	666
Net Basic Spending Per Capita	863	503	340	443	540	634
Operating Spending Per Capita	1,516	797	393	710	878	950
Net Operating Spending Per Capita	1,516	791	392	709	872	918
GO Debt (in thousands)	27,926	8,286	600	5,334	12,980	4,563
Debt Per Capita	3,802	1,496	116	933	1,928	827
Debt as a % of Limit	93.8%	37.3%	4.3%	23.4%	46.9%	34.6%
Municipal Property Tax Levies (in thousands)	\$ 6,966	\$ 3,209	\$ 1,497	\$ 2,511	\$ 3,699	\$ 2,112
Municipal Property Tax Levies Per Capita	\$ 1,162	\$ 541	\$ 286	\$ 455	\$ 604	\$ 378
Municipal Property Tax Rates	\$ 9.67	\$ 7.30	\$ 4.26	\$ 6.19	\$ 8.11	\$ 8.13
Equalized Value (in millions)	\$ 1,412	\$ 474	\$ 198	\$ 371	\$ 653	\$ 271
Shared Revenue (in thousands)	\$ 2,129	\$ 514	\$ 42	\$ 184	\$ 1,045	\$ 1,761
Shared Revenue Per Capita	\$ 319	\$ 100	\$ 6	\$ 32	\$ 169	\$ 113
Income and Income Taxes	\$ 160,723	\$ 51,468	\$ 37,574	\$ 47,438	\$ 58,434	\$ 40,822
Residential Property Tax Base	91.70%	70.50%	45.50%	65.60%	77.50%	66.20%