

VILLAGE BOARD OF TRUSTEES
SPECIAL MEETING/BUDGET WORKSHOP
AUGUST 26, 2019

Peterson called the Special Meeting/Budget Workshop to order at 5:00 PM. Board members had been given the agenda and supporting documents. Notices were posted at the Village Office, Ceresco Post Office, and CerescoBank. Peterson pointed out the Open Meeting Law Act posted on the wall in the Board Chambers. Answering roll call: Peterson, Custer and Rupe. Absent: Hartshorn and Wilson. Also present: Kent Speicher and Joan Lindgren.

Kent Speicher with Erickson & Brooks was present to review the 2019-2020 budget worksheets. Speicher noted the 2018-2019 budget is over, due to the refinancing of the bonds. Speicher noted he will report it to the State Auditor, but usually it is no big deal. For future reference, the budget will need to be amended for large items that come up.

The bond levy is currently paid back 75% through the levy and 25% through the sewer fund fees.

Speicher reviewed the lid computation. By law, unrestricted funds (or the unused budget authority), can only go up 2 ½% a year on property taxes (a revenue limit), unless other restricted funds change. The restricted funds are not just property taxes, but Highway Allocation, other State dollars the Village receives, sales tax dollars, and transfers of surplus fees from the utility funds. Funds were transferred in the 2018-2019 budget, but no funds will be transferred in the 2019-2020 budget year. Speicher noted that most communities he works with only have around \$100 more or less to work with in unused budget authority. Ceresco's unused budget authority for 2019-2020 is \$121,438.

Speicher reviewed the tax levy limits. A Village can only levy a maximum of .45 cents. The General tax levy for the 2018-2019 budget year is .2315, and the proposed levy for 2019-2020 is .249. This is an increase of about 7.62% or .017642, which is \$17.64 per \$100,000 of valuation. Because of the refinancing of the Bond, the Bond tax levy went down. For 2018-2019 budget year it is .301, and the proposed Bond levy for 2019-2020 is .284. This is a decrease of about 5.79%, or .0177447 cents, which is \$17.45 per \$100,000 of valuation. The levy change is so slight, it won't be noticeable.

Speicher noted if the Village spends all the dollars budgeted, the cash reserves will be dangerously low. Paying off debt early, spending that has gone up in the last 5 years, and taxes that haven't been increased to make up for it, has caused the low cash reserves. We've been using cash reserves to make up the difference, but we can't do that anymore. We will need to build the cash reserves back up.

Speicher reviewed the governmental funds on the summary pages of the budget. In the 2017-2018 budget we lost 10% in our cash reserves. In the 2018-2019 budget \$60,000 was transferred from Sewer to Streets, and \$20,000 was transferred from Garbage to Streets. In the 2019-2020 budget, the governmental funds are expected to be at \$255,065, with an ending balance of \$90,300. Speicher noted this is scary low. He recommends an ending balance at a minimum of 50% of the expenses.

Speicher noted for Police, Park & Rec, and Library he is budgeting to expend the ending cash balance and bring the cash reserve to zero. This will allow these department to build up funds in capital outlay for purchases, such as a car for the Police Department.

The General fund budget was reviewed. Speicher noted the State doesn't allow property tax relief, and homestead exemption to be budgeted for. These line items receipts are added into the total property tax budget. Speicher noted that Lindgren's time will be allocated out more than just to General.

The Street fund budget was reviewed. Speicher is budgeting for a \$60,000 transfer in from General, instead of \$120,000. Lindgren reviewed that Don Partridge with Omaha Bobcat said he can probably extend the skid loader lease. The Laura Lane project is expected to be completed in the 2019-2020 budget, which includes an increase in engineering fees for the project.

The Police, Fire, Library and Park & Rec budgets were reviewed. Speicher lowered the Police transfer in from \$40,000 to \$50,000, and budgeted the excess cash as a reserve. The Fire Department budget increased \$2,000 in Communications and \$2,000 in Education. The Library transfer in was increased from \$32,000 to \$34,000 and

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the excess cash was added as a reserve. The Park & Rec transfer in was lowered from \$60,000 to \$50,000, and \$35,000 was budgeted for the NRD project at the park.

Speicher shared concerns of the wages and overtime in the Water and Sewer funds. He suggested continuing on an aggressive rate increase in water and sewer. Speicher is not budgeting for any transfers from Sewer in the 2019-2020 budget, as has been done the past few years. Excluding the Sewer fund from the Debt Payments was discussed. Speicher suggested when the bond levy goes down in 2022-2023, then the Sewer could stop paying on the Bond.

The additional 1% is included in the budget, which helps build the unused budget authority. The Budget Hearing is scheduled for Tuesday, September 17, 2019, 6 PM.

Speicher reviewed the audit agreement. **Rupe moved to approve the audit agreement with Erickson & Brooks, not to exceed \$9,200.00. Custer seconded. Voting Yes: Rupe, Custer and Peterson. No: none. Motion carried.**

A building permit for a new propane line at 416 W Beech was reviewed. **Peterson moved to approve the building permit for the addition of the propane line for Rodney Lovell at 416 W Beech. Rupe seconded. Motion carried.**

Custer mentioned the Splash Pad Committee wants to have a kickball tournament on September 22nd and sell concessions.

Peterson suggested that Rupe and himself get together to come up with a plan for the sewer time.

Setting hours at the compost site was mentioned.

Peterson moved to adjourn at 6:06 PM. Rupe seconded. Voting Yes: Peterson, Rupe and Custer. No: none. Motion carried.

Scott Peterson, Chairman
Joan Lindgren, Clerk