

TOWN OF CLAYTON

Special Town Board of Supervisors Meeting

Second CY 2014 Budget Review Workshop

Meeting Minutes

2:00 P.M. – 3:43 P.M. on Tuesday, September 17th, 2013

Town Office Meeting Room, 8348 County Road T, Larsen, WI 54947

I. Call to Order:

A. Notice Verification, Roll

1. Town Board Chairman Luebke called the meeting to order at 2:00 P.M.
2. Pledge of Allegiance recited.
3. Meeting properly posted at three locations in the Town.
4. Roll

a. Board of Supervisors

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|---------------------|---------|
| Chair Luebke | PRESENT |
| Supervisor Geise | PRESENT |
| Supervisor Lettau | PRESENT |
| Supervisor Grundman | PRESENT |
| Supervisor Schmidt | PRESENT |

b. Staff

| | |
|------------------------|---------|
| Administrator Johnston | PRESENT |
| Treasurer Bowen | PRESENT |

II. Open Forum – Non-Agendized Town-related Matters:

A. No Referrals

III. Business:

- A. Discussion/Recommendation: Second Budget Workshop – Review by the Town Board of the Administration’s Draft Revenue and Capital Expenses, and Operating Expense Budgets for the Town’s CY 2014 Budget.

The Board is scheduled to have its second of four budget workshops on Tuesday, September 17th, 2013. The Administration has always recommended to the Board that the Town’s Annual Budget should be viewed as a Policy Statement from the Town Board relative to its taxation and spending priorities. This recommendation continues to be true for CY 2014. For the past few years the State’s legislative activities have severely limited the Board’s options relative to taxation and/or the generation of revenues. Even with the current Tax Levy restrictions in CY 2014, the Town will experience a small growth in tax revenue generated by a significant increase in taxable Personal Property and a modest increase in residential development.

Attached, please find copies of the Draft CY 2014 Town Revenue, Operating Expense, and Capital Expense Budgets. As of Thursday, September 12th, 2013 the Administration’s Draft CY 2014 Town Budget is approximately \$47,143.47 out of balance. The \$47,143.47

deficit includes an additional Public Works Employee for CY 2014. The reason for the significant change from the first deficit number provided to the Board can be found in the way that the State defines Change in Equalized Value. Act 10 limits the taxable change in Equalized Value to the increase/decrease generated by Net New Construction for the CY (please see Wisconsin Statutes 66.0602(1)(d) listed below).

DEFINITIONS:

- (d) "Valuation factor" means a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current

As the Budget Review process continues, the Administration expects to provide the Board with a balanced CY 2014 Budget. In order to keep the Budget balanced, the Board will need to give the Administration specific directions relative to the program services it is willing to cut in order to transfer revenue to a specific Budget Line Item. The Administration has funded budgetary line items based on the long range plans approved by the Board and the funding required to implement those programs and the services requested by Town residents. Listed below are the results of those reviews.

General Comments on the Town's Taxing Capacity and Changes in Assessed Valuation:

In general terms, the Town has benefitted from approximately \$16.3 million in natural growth. Specifically, the Town's Equalized Value in CY 2012 was \$434,340,500 in CY 2013 the Town's Equalized Value is \$450,633,700. Attached please find a draft copy of the Town's CY 2013 Municipal Levy Limit Worksheet. Based on the State's calculation the Town can increase the CY 2014 Municipal Levy for General Fund Operations by \$9,523.00 or .959 of the Town's CY 2012 General Fund Operations Levy. Simply put, the Town is able to increase the General Fund Operations Levy by the Municipal Tax on \$4,167,200 of the \$16,293,200 increase in Equalized Value of the Town. Any additional tax revenue that occurs as a result of the change in Equalized Value of the Town must go to a reduction in the General Fund Operations Levy. As long as market conditions stay as they are and the Town does not experience more than moderate growth, the Board's Budgeting process will become more and more difficult. The Administration continues to use the Town's Storm Water Management Utility and the Solid Waste and Recycling Utility to absorb some of the General Fund Utility operating obligations. If the Administration can legitimately place General Fund expenses into a Utility it will continue to recommend that the Board do so.

General Comments Relative to the Draft CY 2014 Budget:

The second workshop will cover the following items:

1. A review and discussion on which options and what actions the Board wishes to take to eliminate the revenue shortfall and/or unfunded expenses in the Town's Draft CY 2013 Municipal Budget.

In general, the Board has both long term Revenue and Capital Investment Funding shortfalls that it will need to balance; based on the State's actions this process has become significantly more difficult. The Board continues to have a number of options to keep the Budget balanced as it moves forward. It can reduce its Capital Investments, it can borrow the funds to balance the revenue shortfall, or it can start a Special Assessment Program.

The Administration is recommending that the Board stay the course it is on and see what happens with the economy in the next year or two. A reasonable recovery in the economy will change the way the Board's options will impact the Town's residents.

- Discussed levy limit restrictions
- Discussed borrowing to budget certain projects/needs
- Discussed projected costs versus revenue for CY 2014
- Discussed options to gain future revenue

IV. Upcoming Meeting Attendance

A. Next meeting is Tuesday September 24, 2013 at 6:00 P.M.

V. Adjournment – 3:43 P.M.

MOTION:

Motion made by unanimous consent to Adjourn.

Respectfully submitted,
Jenna Prange, Administrative Assistant