



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council

FROM: Zach Doud, Finance Director
Jasper Kruggel, City Administrator

SUBJECT: Approve 2021 Proposed Final General Fund and EDA Levy

DATE: For the City Council meeting of December 14, 2020

PURPOSE/ACTION REQUESTED

Enclosed is the 2021 proposed final budget as prepared by city staff. A final budget and tax levy will be approved and certified with the County before December 28, 2020. As you are aware, the construction of the 2021 budget is a year-long process which includes Mayor, City Council, and staff input, budget work sessions, and culminating with a final document to be approved by City Council.

SUMMARY

Key items in this year's budget:

- Overall City-wide levy increased by 0.36 percent, additionally overall City-wide levy tax impact will increase by an average of 0.19 percent. The increase in levy relates primarily to the items listed below:
- Tax Abatement Fund
 - Budgeting for the tax levy to contribute to the Tax Abatement that was developed in 2006 but has not been properly budgeted for in the past. Tax Abatement Fact Sheet is attached for more information. This is a \$170,000 change from 2020.
- Wages and benefits
 - Increase in wages and benefits based on contract negotiations that occurred in 2019/2020 that were not fully implemented in the 2020 budget but are now fully recognized in the 2021 budget.
 - Pay Scale is being adjusted 3% as a market rate adjustment for the minimum and maximum salary in each grade. This is not a salary change for any employee, this is only a pay range adjustment to remain competitive within the market based on the Comp and Class study completed and approved on November 12, 2019.
- General Fund Expenses
 - Contingency set at \$100,000
 - Overall increase of expenditures from 2020 of \$2,980

- General Fund Revenue
 - Decrease in Miscellaneous Revenue of \$15,000
 - Steady LGA dollar increases of approx. \$25,000
 - CSAH Maintenance Agreement increase of approx. \$20,000
 - Operating tax dollars increased by approx. \$1,680

- Community Center
 - Budgeting for a \$60,000 contingency to begin a 10-year plan of paying off the projected deficit that the Community Center is in at the end of 2020.

- Fire
 - Budgeted transfer to cover the fire assessment portion that the City contributes to the operations of the Fire Department. This contributes to \$20,000.

- Airport
 - No changes noted.

The following are some of the key factors in developing the budget:

Legislative Changes for 2019

Every year, the League offers the Law Summaries, a comprehensive guide to changes and proposed changes from the last legislative session(s). With the current COVID-19 pandemic impacting the legislative session, this information will be updated as more information becomes available.

Onetime exception to restrictions on use of Minnesota Investment Fund (MIF).

Effective March 29, 2020, cities that have uncommitted money in their revolving loan fund (RLF) may use those funds to issue loans to retail stores, service providers, hospitality businesses, as well as for any purposes provided in the MIF statute. This authority extends to the end of fiscal year 2020.

This exception is in addition to similar legislation from the 2019 special session. The 2019 exception provided that cities could use 80% of the uncommitted money as a general-purpose aid for any lawful expenditure, provided the other 20% of the money was transferred to the state by June 30, 2020

In either case, cities that take advantage of this authority must submit to “the chairs of the legislative committees with jurisdiction over economic development policy and finance” an accounting and explanation on the use and distribution of the funds by Feb. 15, 2021.

Cities wishing to take advantage of this should contact the Department of Employment and Economic Development (DEED) and fill out a Request for Exception Form

Modification of expenses relating to charter commissions.

Members of the commission are still not entitled to compensation; however, the commission may employ an attorney and other personnel to assist in the drafting and production of the charter. The amount of reasonable and necessary charter commission expenses that shall be paid by the city is the greater of .07% of the city’s current certified property tax levy, or \$1,500. These expenses are not to exceed \$20,000 in any one year. However, the council may authorize additional expenses. This change takes effect Aug. 1, 2020.

Local grants to support election efforts.

Although grants are speculative sources of money and may or may not affect a given city’s budget, cities should be aware that local grants are available from the secretary of state for the purposes of:

1. Ensuring the health and safety of election officials and voters.
2. Doing public outreach and preparing to conduct elections with social distancing.
3. Facilitating increased absentee voting.

4. Training and preparing training materials for election officials.
5. Preparing new polling location.
6. Acquiring an electronic roster system and equipment.

Cities must apply to the secretary of state. The deadline for this application has not yet been set. This authority takes effect as of July 1, 2020, with the funds to be available until March 27, 2022, at the latest.

LMCIT Coverage

Most Minnesota cities are members of the League of Minnesota Cities Insurance Trust (LMCIT) for property, liability, auto, and workers' compensation coverage. Cities purchasing insurance from a private company should ask their provider about insurance coverage options, claim trends, and costs. Cities looking for possible ways to reduce their premiums can reference the memo Reducing LMCIT Premium Costs.

LMCIT members' annual premium costs are affected by rates, exposures, and experience. In addition to rates, which are set by LMCIT in the fall, cities' costs can fluctuate if there are changes in exposures—such as payrolls, city expenditures, or property values—or changes in experience rating for workers' compensation, municipal liability, or auto liability.

This memo discusses LMCIT experience rating formulas, but generally the formulas compare expected losses for individual members within a recent three-year period to the actual losses during the same period, and if losses are greater (or less) than expected, a premium debit (or credit) is applied.

Below are preliminary estimates for premium rates, which would take effect for property/casualty coverages renewing on or after Nov. 15, 2020, and workers' compensation coverages renewing on or after Jan. 1, 2021.

As always, cities can check with LMCIT starting in October for an updated outlook on premiums. Or if you would like to learn more about your city's specific situation, contact your LMCIT underwriter.

Workers' compensation. Data as of the end of 2019 shows total incurred costs for claims occurring in 2018 and 2019 were relatively high — driven in large part by a rapid increase in PTSD claim costs. There is still a lot of uncertainty behind how PTSD claim costs will continue to develop.

Further, there is a lot of uncertainty behind how COVID-19 will impact workers' compensation costs. A presumption bill was passed for first responders in 2020. While we are hoping for a companion funding bill, where the state would step in as a financial backstop above a certain dollar threshold, as of the date of this memo (May 26), no such companion bill has been passed.

LMCIT suggests cities allow for a workers' compensation premium rate increase in the 5% to 10% range, to be safe, recognizing the uncertainty behind so many factors this year.

Property. Property losses in 2019 were down from the previous two calendar years but are above the five-year average. Reinsurance costs are a significant part of LMCIT expense for property coverage and, as noted earlier, it is uncertain how the reinsurance market will behave later this year. Given the experience other pools have had in recent months, we anticipate the possibility for increased costs.

We are also reviewing how we price individual building types — identifying types of buildings we may be undercharging for or overcharging for based on actual claim experience. It is likely we will be making some pricing adjustments for specific building types, so depending on members' specific mixes of building types, some members could see higher or lower premium changes than others.

Given the reinsurance uncertainty and the potential variability by member, for budgeting purposes, cities

may want to allow for a 5% to 10% increase for property coverage rates.

Liability. Loss costs in 2019 for municipal liability claims were average overall, but patterns for specific types of liability claims continue to evolve, as is the case with police liability, sewer backup liability, employment practices, and land use litigation, for example.

LMCIT suggests cities allow for possible rate increases in the range of 1% to 5%. We hope we are able to hold rates flat overall, but there is a chance we will need to adjust some specific liability rates.

Auto. Auto coverage loss costs in 2019 were a little higher than in previous years, but LMCIT expects overall auto rates to remain relatively stable. We would suggest allowing for a 1% to 5% increases for auto rates.

Health and Dental Insurance Increase

Cities need to make sure they are complying with the federal Affordable Care Act (ACA). On Feb. 10, 2014, the IRS released the final regulations implementing the employer shared responsibility mandate which affects many cities.

While it is unclear what the impacts of the pandemic will be with regard to health insurance costs, it's possible that some plans may see larger-than-normal cost increases due to the high cost of hospitalization, especially intensive care and ventilators. The city should check with its broker or health plan for more information on projected costs.

The U.S. Department of Labor (DOL) released guidance in 2014 pertaining to employers reimbursing employees for individual health insurance plans, on either a pre-tax or after-tax basis. This guidance primarily affects cities that do not meet the definition of "large employer" under the ACA because large employers typically do not offer this type of arrangement.

Employers are permitted to disregard seasonal employees when determining employer size if the employer's workforce exceeds 50 full-time equivalent (FTE) employees for no more than 120 consecutive days and the number of employees exceeding 50 during that time were seasonal employees, based upon the prior years' average number.

While most health care reform provisions apply to employers uniformly, regardless of size, there are a few provisions that may specifically benefit small cities that qualify as small employers. The benefits to small employers include:

- Exemption from penalties since they need not offer coverage.
- Availability of coverage through state exchanges effective Jan. 1, 2014.
- Exemption from reporting health care costs on W-2s.
- The ability to use a SIMPLE Cafeteria Plan.
- Since January 1, 2017, small employers can provide a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) that reimburses employees for the medical care expenses of the employee, the employee's spouse, and the employee's dependent children, including individual health insurance policies purchased on the individual market. Certain requirements must be met before a city offers a QSEHRA.

There are other provisions and compliance issues associated with health care reform for all employers such as requirements for coverage of preventive care, prohibitions against pre-existing exclusions, essential benefits, break times for nursing mothers, and other employee protections.

The Department of Labor and the IRS continue issuing critical guidance regarding implementation details for health care reform. We recommend you visit the League website for the most up-to-date information and guidance on federal health care reform legislation and pending regulations.

The ACA has reporting requirements for providers of health insurance and applicable large employers

which must be sent to covered individuals and the IRS which started the beginning of 2016. Cities are encouraged to plan ahead each year to meet the reporting deadlines as they will occur each year and continue with the reporting requirements until further notice.

2020 PERA Contribution Rates

The 2020 regular legislative session resulted in no changes to employer or employee contributions to either the defined benefit or defined contribution plans.

PLEASE NOTE: In 1997, the Legislature authorized annual aid to public employers to offset a PERA employer contribution rate increase. This statutory authorization is currently set to end on June 30, 2020, and, therefore, its final payments will occur in July and December of 2019.

According to PERA, June 2020 was expected to be the time when the plan would be fully funded. However, the PERA Board of Trustees reaffirmed its support for the extension of the aid as part of its 2020 legislative initiatives.

Levy Limits

At this time there are no levy limits.

Deadline for certification of final levy

The final levy is to be certified to Le Sueur County no later than five business days following December 20, 2020. This would be December 28, 2020.

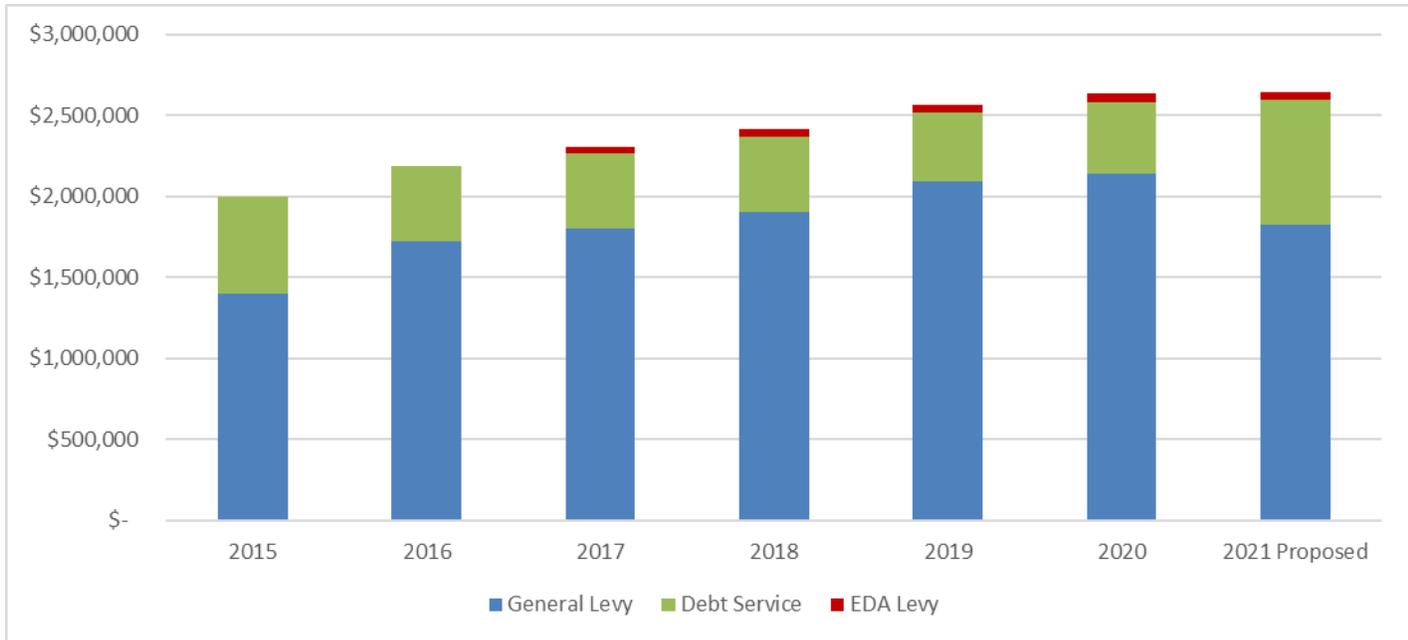
Tax Levy Summary

Overall, the tax levy includes levies for general operations, city infrastructure, debt services, and EDA. The levy increased by 0.36 percent when compared to 2020. The 2020 budgeted and 2021 proposed tax levies are listed below:

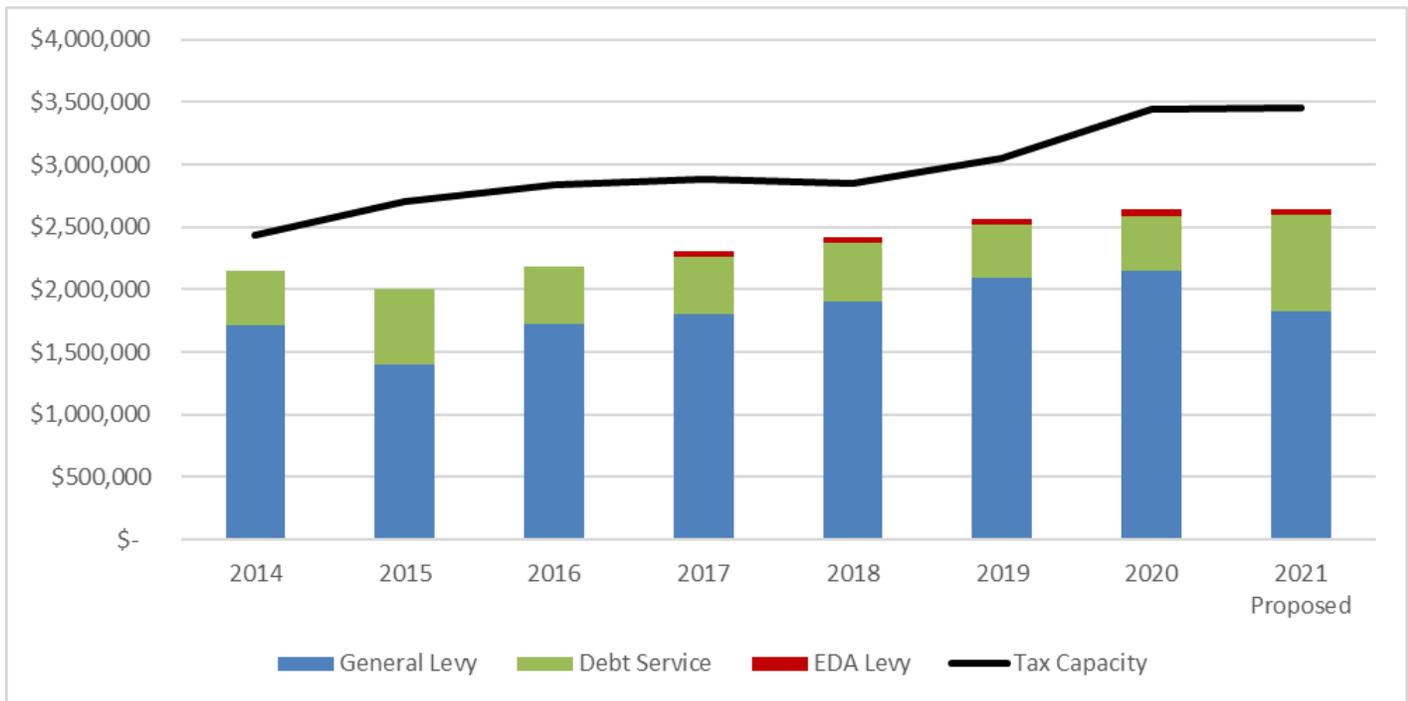
| | 2020 Budget | 2021 Proposed Budget | Increase (Decrease) | % Change |
|------------------------------------|---------------------|----------------------|---------------------|----------------|
| Base Levy | | | | |
| General Fund | \$ 770,923 | \$ 772,603 | \$ 1,680 | 0.22% |
| Community Center | 506,043 | 500,550 | (5,493) | -1.09% |
| Capital Improvement Plan | 697,900 | 341,000 | (356,900) | -51.14% |
| HWY 169 Abatement | - | 170,000 | 170,000 | 100.00% |
| Johnson Control Loan | 169,000 | 44,000 | (125,000) | -73.96% |
| Total Base Levy | 2,143,866 | 1,828,153 | (315,713) | -15.09% |
| Debt Service | | | | |
| 2010D GO Capital Improvement | 55,000 | 53,000 | (2,000) | -3.64% |
| 2011B SA GO Refunding Bonds | 51,000 | - | (51,000) | -100.00% |
| 2012A GO Improvement Bonds | 73,000 | 74,000 | 1,000 | 1.37% |
| 2013B GO Street Reconstruction | 76,000 | 75,000 | (1,000) | -1.32% |
| 2014B Go Refunding Bonds - Library | 66,000 | 70,000 | 4,000 | 6.06% |
| 2017A GO Street Improvement | 34,000 | 159,000 | 125,000 | 367.65% |
| 2019 Equipment Lease | - | 240,000 | 240,000 | 100.00% |
| 2014B GO Refunding bonds - fire | 86,000 | 95,000 | 9,000 | 10.47% |
| Total Debt Service Levy | 441,000 | 766,000 | 325,000 | 75.76% |
| Total General Levy | \$ 2,584,866 | \$ 2,594,153 | \$ 9,287 | 0.36% |
| EDA Levy | | | | |
| EDA General Fund | 51,700 | 52,000 | 300 | 0.58% |
| Total EDA Levy | 51,700 | 52,000 | 300 | 0.58% |
| Total City Wide Levy | \$ 2,636,566 | \$ 2,646,153 | \$ 9,587 | 0.36% |

The increase in the 2021 Final Tax Levy can be primarily attributed to the factors listed at the beginning of this memo or in fund statements at end of this memo.

Levy Summary 2015 to 2021 Proposed



Tax Capacity in Relation to Tax Levy Graph



Summary of the City's Tax Capacity

The past four years with comparison to the average percentage change for Le Sueur County is listed below:

| Property Type | 2017 Pay | 2018 Pay | 2019 Pay | 2020 Pay | 2021 Pay | % Change | \$ Change |
|-----------------------|---------------------|---------------------|---------------------|---------------------|----------|--------------|--------------|
| Commercial/Industrial | \$ 1,130,349 | \$ 1,184,639 | \$ 1,177,594 | \$ 1,164,274 | | -1.13% | (13,320) |
| Apartment | 206,152 | 215,675 | 231,669 | 232,128 | | 0.20% | 459 |
| Residential | 1,462,175 | 1,597,757 | 1,985,108 | 2,004,368 | | 0.97% | 19,260 |
| Agriculture | 25,157 | 30,404 | 27,934 | 27,993 | | 0.21% | 59 |
| Other | 22,805 | 20,099 | 21,836 | 19,251 | | -11.84% | (2,585) |
| Total | \$ 2,846,638 | \$ 3,048,574 | \$ 3,444,141 | \$ 3,448,014 | | 0.11% | 3,873 |

Impact on Homeowner Tax Bill

The Chart reflects the impact on homeowner's tax bill based on an increase in tax capacity and an increase in tax levy.

CITY OF LE SUEUR IMPACT ON TAX BILL

| Value of Home | 2020 Actual | 2021 Proposed | \$ Increase / (decrease) Annual | 2020 Monthly Payable | 2021 Monthly Payable | \$ Increase / (decrease) Monthly |
|-----------------|-------------|---------------|---------------------------------|----------------------|----------------------|----------------------------------|
| \$ 125,000.00 | \$ 909.00 | \$ 912.00 | \$ 3.00 | \$ 75.75 | \$ 76.00 | \$ 0.25 |
| \$ 150,000.00 | \$ 1,091.00 | \$ 1,094.00 | \$ 3.00 | \$ 90.92 | \$ 91.17 | \$ 0.25 |
| \$ 200,000.00 | \$ 1,455.00 | \$ 1,459.00 | \$ 4.00 | \$ 121.25 | \$ 121.58 | \$ 0.33 |
| \$ 206,000.00 * | \$ 1,499.00 | \$ 1,502.00 | \$ 3.00 | \$ 124.92 | \$ 125.17 | \$ 0.25 |
| \$ 250,000.00 | \$ 1,819.00 | \$ 1,823.00 | \$ 4.00 | \$ 151.58 | \$ 151.92 | \$ 0.33 |
| \$ 300,000.00 | \$ 2,183.00 | \$ 2,188.00 | \$ 5.00 | \$ 181.92 | \$ 182.33 | \$ 0.42 |
| \$ 350,000.00 | \$ 2,546.00 | \$ 2,553.00 | \$ 7.00 | \$ 212.17 | \$ 212.75 | \$ 0.58 |

* Average 2021 home value.

Conclusion

The purpose of the summary overview was to give a high-level perspective of the overall budget. The remainder of this budget documents outlines each fund and the proposed changes. As a reminder, once the preliminary 2021 levy is set the Council has the opportunity to decrease the levy but cannot increase. The preliminary levy was approved on September 14, 2020 however the final levy must be approved and submitted no later than December 28, 2020.

CITY OF LE SUEUR, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY
GENERAL FUND
ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018-2019, PERIOD TO DATE SEPT 30, 2020 AND
BUDGET FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021

| | Actual | Actual | YTD | Budget | Budget | Percent |
|---|-------------------|---------------------|---------------------|------------------|------------------|-------------|
| | 2018 | 2019 | Sep-20 | 2020 | 2021 | Change |
| REVENUES | | | | | | |
| Taxes | \$ 918,092 | \$ 760,599 | \$ 403,215 | \$ 770,923 | \$ 772,603 | 0% (1) |
| Special Assessments | - | - | - | - | - | |
| Licenses and permits | 82,481 | 103,838 | 69,015 | 104,600 | 98,500 | -6% |
| Intergovernmental | 1,184,789 | 1,134,211 | 827,777 | 1,114,897 | 1,171,797 | 5% |
| Charges for services | 17,995 | 14,669 | 14,287 | 17,250 | 14,250 | -17% (2) |
| Fines and forfeits | 22,582 | 29,761 | 18,286 | 24,000 | 27,500 | 15% (3) |
| Investment earnings | 33,556 | 30,444 | 8,686 | 5,500 | 1,000 | -82% (4) |
| Miscellaneous | 264,999 | 130,394 | 124,358 | 151,000 | 105,500 | -30% (5) |
| TOTAL REVENUES | 2,524,494 | 2,203,916 | 1,465,625 | 2,188,170 | 2,191,150 | 0% |
| EXPENDITURES | | | | | | |
| Mayor and council | 26,362 | 32,759 | 20,871 | 30,060 | 34,550 | 15% (6) |
| Administration | 675,710 | 607,113 | 508,936 | 551,360 | 391,900 | -29% (7) |
| Accounting | 141,272 | 102,503 | 45,363 | 63,690 | 51,630 | -19% (8) |
| City attorney | 11,272 | 10,062 | 6,901 | 15,000 | 15,000 | 0% |
| Planning and zoning | 46,738 | 84,949 | 81,009 | 92,140 | 99,760 | 8% |
| Police | 909,618 | 1,072,730 | 742,432 | 984,950 | 1,086,630 | 10% (9) |
| Building inspection | 104,600 | 112,458 | 86,752 | 135,050 | 124,330 | -8% |
| Public Works | 681,905 | 1,029,200 | 591,381 | 785,420 | 747,670 | -5% |
| Library utilities | 28,027 | 31,001 | 13,020 | 30,500 | 29,680 | -3% |
| TOTAL EXPENDITURES | 2,625,505 | 3,082,775 | 2,096,665 | 2,688,170 | 2,581,150 | -4% |
| EXCESS REVENUES (EXPENDITURES) | (101,011) | (878,858) | (631,040) | (500,000) | (390,000) | -22% |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 500,000 | 500,000 | 375,000 | 500,000 | 500,000 | 0% |
| TRANSFERS OUT | - | - | - | - | (110,000) | 0% (10) |
| TOTAL OTHER FINANCING SOURCES (USES) | 500,000 | 500,000 | 375,000 | 500,000 | 390,000 | -22% |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | \$ 398,989 | \$ (378,858) | \$ (256,040) | \$ - | \$ - | |

Explanation of Budget Changes in revenue and expenditures over 10%

- (1) This is a backfilled number based on the other revenues and expenditures numbers.
- (2) More conservative budget based on previous actuals for multiple line items.
- (3) Based on actuals from 2019 and projections for 2020 based on YTD actuals.
- (4) Interest rates have decreased based on current market conditions.
- (5) More conservative budget for miscellaneous revenues, Cable TV franchise fees, and vehicle forfeiture revenues based on previous year actuals.
- (6) Incorrect salary has been budgeted for previously, this has been corrected for 2021.
- (7) Moving IT expenditures to IT fund (\$65,000), reallocating of salaries (\$90,010), combination of condemnation proceedings and contingency (\$25,000).
- (8) Reallocation of Finance Director salary based on time spent in 2020.
- (9) Increase in OT for Police Officers and correction of salary budgeted for in previous year based on negotiated union contract.
- (10) This is now for IT expenditures that are moved to the IT fund (\$90,000) and our portion of the Fire Dept Allocation (\$20,000).

CITY OF LE SUEUR, MINNESOTA
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY
 COMMUNITY CENTER - 615
 ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018-2019, PERIOD TO DATE SEPT 30, 2020 AND
 BUDGET FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021

| | Actual 2018 | Actual 2019 | YTD September-20 | Budget 2020 | Budget 2021 | Percent Change |
|---|--------------------|---------------------|---------------------|------------------|------------------|-------------------|
| REVENUES | | | | | | |
| Taxes | \$ 439,003 | \$ 445,283 | \$ 253,022 | \$ 506,043 | \$ 500,550 | -1% (1) |
| Charges for services | 851,442 | 634,297 | 257,028 | 825,750 | 424,950 | -49% (2) |
| Miscellaneous | 40,536 | 46,006 | 29,934 | 55,000 | 50,000 | -9% |
| TOTAL REVENUES | 1,330,981 | 1,125,587 | 539,983 | 1,386,793 | 975,500 | -30% |
| EXPENDITURES | | | | | | |
| General Facility | 1,064,426 | 1,189,524 | 647,323 | 1,124,220 | 337,324 | -70% (2/3) |
| Fitness Center | - | - | - | - | 97,526 | 0% (3) |
| Gym/Raquetball | 75,777 | 1,035 | - | - | 43,742 | 0% (3) |
| Indoor Pool | - | - | - | - | - | 0% (4) |
| Outdoor Pool | 78,552 | 96,531 | 80,685 | 87,270 | 138,875 | 59% (3) |
| Ice Arena | - | - | - | - | 91,378 | 0% (3) |
| Programs | - | - | - | - | 78,202 | 0% (3) |
| TOTAL EXPENDITURES | 1,218,755 | 1,287,090 | 728,009 | 1,211,490 | 787,047 | -35% |
| EXCESS REVENUES (EXPENDITURES) | 112,226 | (161,503) | (188,025) | 175,303 | 188,453 | 8% |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | 0% |
| TRANSFER OUT | (194,263) | (174,263) | (131,477) | (175,303) | (188,453) | 8% (5) |
| TOTAL OTHER FINANCING SOURCES (USES) | (194,263) | (174,263) | (131,477) | (175,303) | (188,453) | 8% |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | \$ (82,037) | \$ (335,766) | \$ (319,503) | \$ - | \$ - | |

Explanation of Budget Changes in revenue and expenditures over 5%

- (1) Change in taxes is a backfilled number once we have all expenditures and revenues other than taxes filled in.
- (2) No more Comm Ed going through the City so this is a decrease of \$400,000 on both revenues and expenditures.
- (3) Reorganization of the Community Center to break down expenditures by service area which was not taking place in 2020 and prior.
- (4) This is based on closing the indoor pool until further notice due to budget constraints.
- (5) Increase is due to increase in bond payment in 2021 along with the transfer to the new IT fund for the City.

| CITY OF LE SUEUR, MINNESOTA | | | | | | |
|---|--|--------------------|------------------|-----------------|------------------|--------------|
| STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY | | | | | | |
| FIRE - 225 | | | | | | |
| ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018-2019, PERIOD TO DATE SEPT 30, 2020 AND | | | | | | |
| BUDGET FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021 | | | | | | |
| | Actual | Actual | YTD | Budget | Budget | Percent |
| | 2018 | 2019 | September-20 | 2020 | 2021 | Change |
| REVENUES | | | | | | |
| Intergovernmental | \$ 40,819 | \$ 52,421 | \$ - | \$ 42,000 | \$ 42,000 | 0% |
| Charges for services | 126,739 | 129,866 | 148,892 | 135,000 | 150,000 | 11% (1) |
| Miscellaneous | 2,382 | 5,823 | 1,616 | 5,000 | 5,000 | 0% |
| TOTAL REVENUES | 169,940 | 188,109 | 150,508 | 182,000 | 197,000 | 8% |
| EXPENDITURES | | | | | | |
| Public Safety | 92,841 | 99,956 | 26,916 | 94,250 | 102,170 | 8% |
| Fire fighting | 43,159 | 45,975 | 24,851 | 44,900 | 45,400 | 1% |
| Prevention | 2,401 | 13,582 | 1,936 | 5,500 | 5,500 | 0% |
| Training | 8,982 | 14,833 | 3,775 | 10,500 | 10,500 | 0% |
| Communications | 4,263 | 1,661 | 940 | 1,250 | 6,250 | 400% (2) |
| Repair services | 18,638 | 6,656 | 11,686 | 12,500 | 19,500 | 56% (3) |
| Other services and charges | 8,237 | 9,598 | 17,099 | 10,500 | 14,500 | 38% (4) |
| Capital outlay | 5,682 | 16,131 | 2,368 | 3,000 | 3,000 | 0% |
| TOTAL EXPENDITURES | 184,203 | 208,392 | 89,570 | 182,400 | 206,820 | 13% |
| EXCESS REVENUES (EXPENDITURES) | (14,263) | (20,283) | 60,938 | (400) | (9,820) | 2355% |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | 20,000 | 0% (5) |
| TRANSFERS OUT | - | - | - | - | - | 0% |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | 20,000 | 0% |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | | | | | | |
| | \$ (14,263) | \$ (20,283) | \$ 60,938 | \$ (400) | \$ 10,180 | |
| Explanation of Changes over 10% | | | | | | |
| (1) | Increase is based on trending currently for the Fire Department based on bililngs in 2020. | | | | | |
| (2) | New pagers needed in 2021. | | | | | |
| (3) | Additional small equipment needed to replace worn out equipment and keep up with historical trends. | | | | | |
| (4) | Increase in utilities based on usages in 2020 along with historical trends. | | | | | |
| (5) | Budgeting for the Transfer from the General Fund for the Fire Service Assessment covered by the City for operations. | | | | | |

| CITY OF LE SUEUR, MINNESOTA | | | | | | |
|---|----------------|-----------------|-----------------|-----------------|----------------|-------------|
| STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY | | | | | | |
| AIRPORT - 235 | | | | | | |
| ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018-2019, PERIOD TO DATE SEPT 30, 2020 AND | | | | | | |
| BUDGET FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021 | | | | | | |
| | Actual | Actual | YTD | Budget | Budget | Percent |
| | 2018 | 2019 | September-20 | 2020 | 2021 | Change |
| REVENUES | | | | | | |
| Intergovernmental | \$ 22,347 | \$ 15,266 | \$ 5,970 | \$ 15,000 | \$ 20,000 | 33% (1) |
| Charges for services | 45,495 | 55,358 | 33,730 | 43,300 | 44,400 | 3% |
| Miscellaneous | - | - | - | - | - | 0% |
| TOTAL REVENUES | 67,843 | 70,624 | 39,699 | 58,300 | 64,400 | 10% |
| EXPENDITURES | | | | | | |
| Airport | 72,126 | 82,421 | 52,148 | 70,395 | 73,990 | 5% |
| TOTAL EXPENDITURES | 72,126 | 82,421 | 52,148 | 70,395 | 73,990 | 5% |
| EXCESS REVENUES (EXPENDITURES) | (4,283) | (11,798) | (12,449) | (12,095) | (9,590) | -21% |
| Explanation of Changes over 10% | | | | | | |
| (1) Budgeting for additional dollars in revenue related to the COVID-19 pandemic that will be received in 2021. | | | | | | |

ACTION REQUESTED

Staff is requesting City Council consider adoption of Resolution R2020-039 – 2021 Proposed Final Levy, adopting a final levy increase of 0.36% from the adopted 2020 budget for the final 2021 proposed budget, which is \$2,847,726.

169 Abatement Fund Fact Sheet

- Abatement was started in 2006
- Abatement ends in 2026
- Abatement is for County and City dollars to be put into a fund at the City to be used for projects on/near the hilltop of Le Sueur
- Total **anticipated** dollars at beginning of abatement was \$2,982,517 (based on original tax abatement in 2006)
- Total **anticipated** remaining dollars to collect is \$937,746 (last updated on June 30, 2020)
- No current projects for the abatement dollars to be used for but did have the J turn arounds on 169 funded for from this fund
- 2008 Tax Abatement Bond used funds from this abatement and that was reconstruct Cambria Ave and close its entrance onto 169 for safety reasons
- City has contributed only \$700,000 of the needed \$1,250,000 to the Abatement for various reasons related to management turnover and insufficient/inadequate documentation
- City contribution was to the Tax Abatement bond previously mentioned and not to the Abatement Fund directly
- Tax Abatement can be terminated but then all County dollars must be returned to the County and the shortfall of those dollars would have to be covered by the City
- Current Cash balance in this fund is \$399,358.
- Loan was given to the EDA for the purchase of the Industrial Park land for \$153,233 which is due back to this abatement once the land is sold
- Total Cash that will be in the fund after this sale would be \$552,591.
- Total Cash balance at end of year 2026 for a project if the shortfall of the City was made up by then would be \$2,023,685
- There is no limit to the type of project that can be done with this money but it is limited on where it can be completed and that is the top of the hill within City of Le Sueur limits
-

CITY OF LE SUEUR, MINNESOTA
CITY COUNCIL RESOLUTION R2020-039

2021 PROPOSED FINAL GENERAL FUND BUDGET,
2021 FINAL PROPERTY TAX LEVY

WHEREAS, the City of Le Sueur is required by State law to approve a resolution setting forth an annual tax levy to the Le Sueur County Auditor; and

WHEREAS, Minnesota Statutes require approval of a final property tax levy and preliminary budget with a respective EDA levy on or before December 30th of each year; and

WHEREAS, the City Council has received the proposed budget document;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL THAT:

**CITY OF LE SUEUR
2021 PROPOSED GENERAL REVENUE SOURCES**

| | <u>Actual</u> | <u>Budget</u> | <u>Proposed</u> | <u>Percent</u> |
|----------------------|---------------------|---------------------|---------------------|----------------|
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>Change</u> |
| Taxes | \$ 760,599 | \$ 770,923 | \$ 772,603 | 0.22% |
| Licenses and permits | \$103,838 | 104,600 | 98,500 | -5.83% |
| Intergovernmental | \$1,134,211 | 1,114,897 | 1,171,797 | 5.10% |
| Charges for services | \$14,669 | 17,250 | 14,250 | -17.39% |
| Fines and forfeits | \$29,761 | 24,000 | 27,500 | 14.58% |
| Investment earnings | \$30,444 | 5,500 | 1,000 | -81.82% |
| Miscellaneous | \$130,394 | 151,000 | 105,500 | -30.13% |
| Transfer in | \$500,000 | 500,000 | 500,000 | 0.00% |
| Total Revenue | \$ 2,703,916 | \$ 2,688,170 | \$ 2,691,150 | 0.11% |

**CITY OF LE SUEUR
2021 PROPOSED GENERAL EXPENDITURES**

| | Actual 2019 | Budget 2020 | Proposed 2021 | Percent Change |
|---------------------------|------------------------|------------------------|--------------------------|---------------------------|
| General Government | \$ 837,386 | \$ 752,250 | \$ 592,840 | -21.19% |
| Public Safety | 1,185,188 | 1,120,000 | 1,210,960 | 8.12% |
| Public Works | 1,029,200 | 785,420 | 747,670 | -4.81% |
| Library Utilities | 31,001 | 30,500 | 29,680 | -2.69% |
| Transfers out | - | - | 110,000 | 100.00% |
| Total Expenditures | 3,082,775 | 2,688,170 | 2,691,150 | 0.11% |

BE IT FURTHER RESOLVED that the City Council of the City of Le Sueur, Le Sueur County, Minnesota, that the following sums of money be levied for collection in 2021 upon the table property in said City of Le Sueur for the following purposes:

| | 2020 Budget | 2021 Proposed Budget | Increase (Decrease) | % Change |
|------------------------------------|---------------------|-------------------------|------------------------|----------------|
| Base Levy | | | | |
| General Fund | \$ 770,923 | \$ 772,603 | \$ 1,680 | 0.22% |
| Community Center | 506,043 | 500,550 | (5,493) | -1.09% |
| Capital Improvement Plan | 697,900 | 341,000 | (356,900) | -51.14% |
| HWY 169 Abatement | - | 170,000 | 170,000 | 100.00% |
| Johnson Control Loan | 169,000 | 44,000 | (125,000) | -73.96% |
| Total Base Levy | 2,143,866 | 1,828,153 | (315,713) | -15.09% |
| Debt Service | | | | |
| 2010D GO Capital Improvement | 55,000 | 53,000 | (2,000) | -3.64% |
| 2011B SA GO Refunding Bonds | 51,000 | - | (51,000) | -100.00% |
| 2012A GO Improvement Bonds | 73,000 | 74,000 | 1,000 | 1.37% |
| 2013B GO Street Reconstruction | 76,000 | 75,000 | (1,000) | -1.32% |
| 2014B Go Refunding Bonds - Library | 66,000 | 70,000 | 4,000 | 6.06% |
| 2017A GO Street Improvement | 34,000 | 159,000 | 125,000 | 367.65% |
| 2019 Equipment Lease | - | 240,000 | 240,000 | 100.00% |
| 2014B GO Refunding bonds - fire | 86,000 | 95,000 | 9,000 | 10.47% |
| Total Debt Service Levy | 441,000 | 766,000 | 325,000 | 75.76% |
| Total General Levy | \$ 2,584,866 | \$ 2,594,153 | \$ 9,287 | 0.36% |
| EDA Levy | | | | |
| EDA General Fund | 51,700 | 52,000 | 300 | 0.58% |
| Total EDA Levy | 51,700 | 52,000 | 300 | 0.58% |
| Total City Wide Levy | \$ 2,636,566 | \$ 2,646,153 | \$ 9,587 | 0.36% |

And

BE IT FURTHER RESOLVED that the Finance Director is hereby authorized and directed to transmit this information to the County Auditor of Le Sueur County, Minnesota and the Minnesota Department of Revenue, if applicable, in the format requested as required by law.

Reviewed for Administration
December 14th, 2020

Adopted by the City Council

PASSED by the City Council of the City of Le Sueur on this 14th day of December 2020.

ATTEST



Gregory Hagg
Mayor



Stacy Lawrence
City Clerk

VOTE: Y HAGG Y FAVOLISE Y HUNTINGTON N KIRBY
Y KROGMANN Y SCHLUETER Y SULLIVAN