



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council

FROM: Ryan Graff, Finance Director
Joe Roby, City Administrator

SUBJECT: 2023 Final General Fund Budget and Levy Adoption

DATE: For the City Council Meeting of Monday, December 12th, 2022

PURPOSE

Enclosed is the 2023 proposed final general fund budget and levy as prepared by city staff. A final budget and tax levy must be approved and certified with Le Sueur County before December 30, 2022. As you are aware, the construction of the 2023 budget is a year-long process which includes the Mayor, City Council, Personnel and Budget Committee, and staff input.

Summary

Key items in this year's budget:

- Overall City-wide levy increased by 13.01 %. The levy increase relates primarily to the items listed below:
 - General Levy
 - Police Department moving to completely FT Officers and new Police Union contract results in approximately \$140,000 levy increase
 - Assume 20% increases in worker's comp insurance, general liability insurance, utilities, and fuel
 - Assume 47% increase in PEIP which is \$60k increase
 - General Fund Expenses
 - Contingency set at \$75,000
 - Community Center
 - Will maintain 2022 operations in 2023 (indoor pool remains closed for 2023)
 - Exception is Golf Simulator which is assumed to break even in 2023
 - Planned 19% increase in membership revenue, offset by increase in utilities and lifeguard wages
 - Capital Improvement Plan
 - Overall CIP expense decrease of \$110,000
 - Initial CIP list from staff of approximately \$3.8M, pared down to \$ 590,000 for 2023

- Hwy 169 Abatement
 - Adjusting Abatement payment time frame results in \$65k decrease
- General Fund Revenue
 - Marginal LGA increase of approximately \$20,000
 - No American Recovery Plan Act (ARPA) revenue budgeted in 2023 (budgeted and received \$200,000 in 2022)

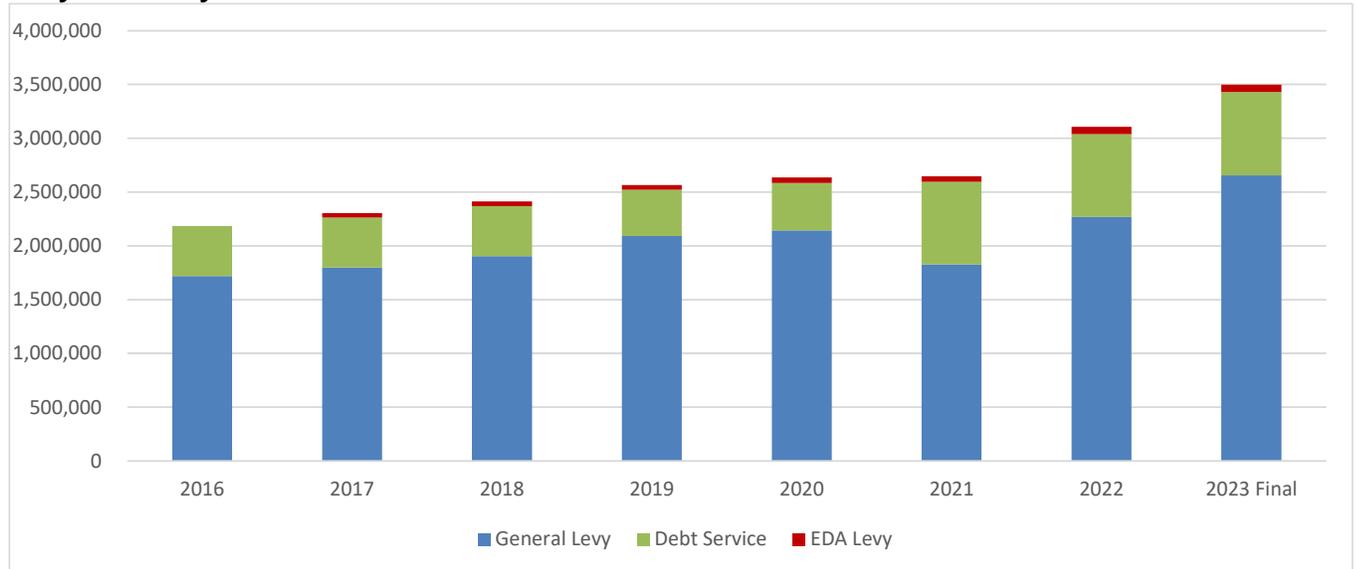
Tax Levy Summary

Overall, the tax levy includes levies for general operations, city infrastructure, and debt services. The proposed final levy increases by 13.01% when compared to 2022. The 2022 and 2023 tax levies are listed below:

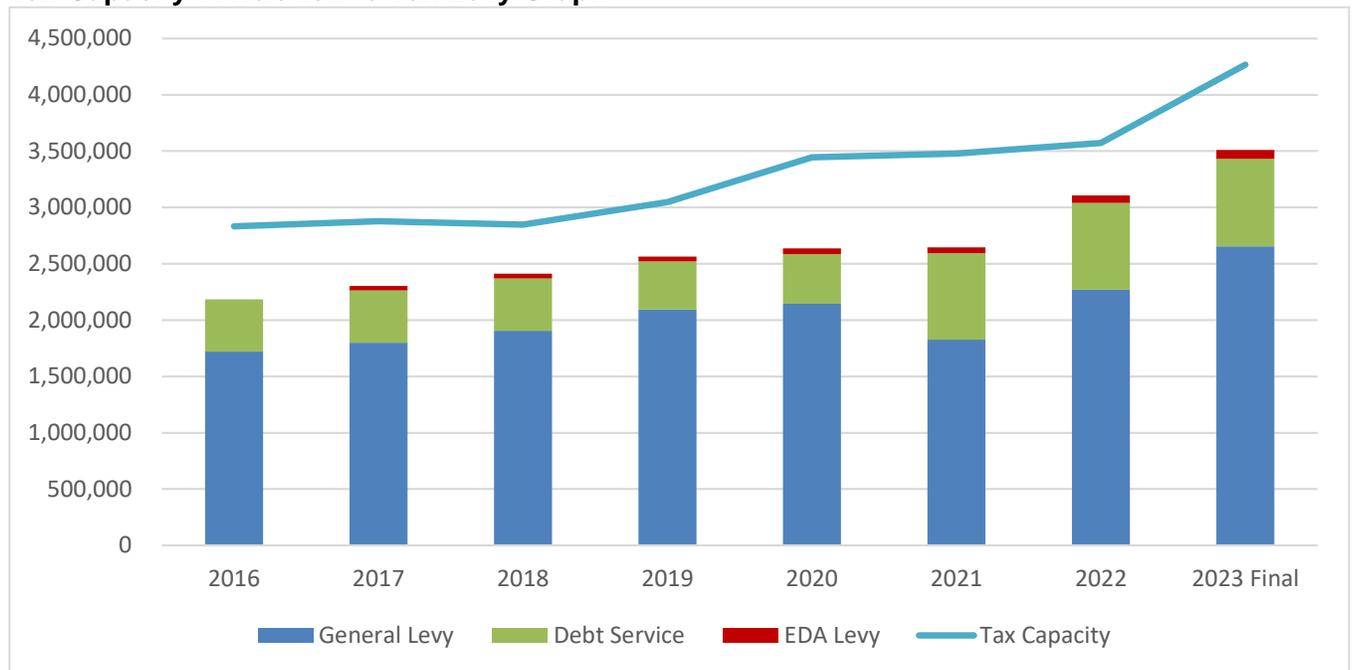
	2022 Levy	Proposed 2023 Levy	Increase (Decrease) from 2022	Percent Change from 2022
General Levy	\$ 688,903	\$ 1,111,271	\$ 422,368	61%
Community Center	\$ 695,721	\$ 834,071	\$ 138,350	20%
Hwy 169 Abatement	\$ 185,000	\$ 120,000	\$ (65,000)	-35%
Capital Levy	\$ 700,000	\$ 590,000	\$ (110,000)	-16%
Total Base Levy	\$ 2,269,624	\$ 2,655,341	\$ 385,717	17%
EDA Levy	\$ 66,800	\$ 78,761	\$ 11,961	18%
Debt Levy				
2010D GO Capital Improvement	\$ 56,000	\$ 52,050	\$ (3,950)	-7%
2013B GO Street Reconstruction	\$ 79,000	\$ 73,508	\$ (5,493)	-7%
2014B GO Refunding Bonds - Library	\$ 64,000	\$ -	\$ (64,000)	-100%
2017A GO Street Improvement	\$ 162,000	\$ 190,563	\$ 28,563	18%
2019 Equipment Lease	\$ 260,308	\$ 218,284	\$ (42,024)	-16%
2021A GO Fire Truck/Plow	\$ 22,889	\$ 64,550	\$ 41,661	182%
2021A GO Main St.	\$ 31,816	\$ 82,250	\$ 50,434	159%
2014B GO Refunding Bonds - Fire	\$ 94,000	\$ 95,300	\$ 1,300	1%
Total Debt Service Levy	\$ 770,013	\$ 776,504	\$ 6,491	1%
Total City Wide Levy	\$ 3,106,437	\$ 3,510,607	\$ 404,170	13.01%
Tax Capacity	\$ 3,570,902	\$ 4,267,493	\$ 696,591	19.51%
City Tax Rate*	86.99%	82.26%	-4.73%	

The increase in the 2023 Final Tax Levy can be primarily attributed to the factors listed at the beginning of this memo.

Levy Summary: 2016 to 2023 Final



Tax Capacity in Relation to Tax Levy Graph



Summary of the City's Tax Capacity

A comparison of prior year changes to City of Le Sueur tax capacity is listed below:

Property Type	2018 Pay	2019 Pay	2020 Pay	2021 Pay	2022 Pay	2023	% Change	\$ Change
Commercial/Industrial	\$ 1,184,639	\$ 1,177,594	\$ 1,199,513	\$ 1,194,776	\$ 1,251,991		4.79%	57,215
Apartment	215,675	231,669	231,827	233,625	289,968		24.12%	56,343
Residential	1,597,757	1,985,108	2,000,405	2,093,085	2,670,015		27.56%	576,930
Agriculture	30,404	27,934	27,993	28,378	31,229		10.05%	2,851
Other	20,099	21,836	19,423	21,038	24,290		15.46%	3,252
Total	\$ 3,048,574	\$ 3,444,141	\$ 3,479,161	\$ 3,570,902	\$ 4,267,493		19.51%	696,591

Conclusion

The purpose of the summary is to provide a high-level perspective of the overall 2023 budget. As a reminder, once the preliminary 2023 levy has been set, Council may decrease the levy but may not increase it. The preliminary levy was approved on September 12, 2022, and the final levy must be approved and certified to Le Sueur County no later than December 30, 2022.

ACTION REQUESTED

Staff is requesting City Council consider adoption of Resolution R2022-054 – 2023 Final General Fund Budget and Property Tax Levy. Adoption of this resolution would result in a final 2023 levy of \$3,510,607.

CITY OF LE SUEUR, MINNESOTA
CITY COUNCIL RESOLUTION R2022-054
 RESOLUTION APPROVING 2023 FINAL GENERAL FUND BUDGET AND 2023
 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 Statute requires 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:

	Budget 2020	Budget 2021	Budget 2022	Budget 2023	Increase (Decrease)	% Change
Revenues						
Property taxes	\$ 770,923	\$ 772,598	\$ 688,903	\$ 1,111,271	\$ 422,368	61.31%
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Licenses and permits	\$ 104,600	\$ 98,500	\$ 98,500	\$ 98,500	\$ -	0.00%
Intergovernmental	\$ 1,114,897	\$ 1,171,797	\$ 1,385,719	\$ 1,197,132	\$ (188,587)	-13.61%
Charges for services	\$ 41,500	\$ 33,500	\$ 29,500	\$ 35,000	\$ 5,500	18.64%
Fines and forfeitures	\$ 32,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	0.00%
Interest earnings	\$ 5,500	\$ 1,000	\$ 1,000	\$ 3,000	\$ 2,000	200.00%
Miscellaneous	\$ 82,750	\$ 59,750	\$ 59,750	\$ 84,750	\$ 25,000	41.84%
Other financing sources	\$ 536,000	\$ 524,000	\$ 524,000	\$ 526,500	\$ 2,500	0.48%
Total Revenues	\$ 2,688,170	\$ 2,691,145	\$ 2,817,372	\$ 3,086,153	\$ 268,781	9.54%

	Budget 2020	Budget 2021	Budget 2022	Budget 2023	Increase (Decrease)	% Change
Expenditures						
Mayor and Council	\$ 30,060	\$ 34,550	\$ 34,180	\$ 34,180	\$ -	0.00%
City Admin	\$ 270,920	\$ 122,500	\$ 127,070	\$ 159,973	\$ 32,903	25.89%
Elections	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
City Clerk	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Accounting	\$ 63,690	\$ 51,630	\$ 51,000	\$ 82,130	\$ 31,130	61.04%
Legal	\$ 15,000	\$ 15,000	\$ 25,000	\$ 25,000	\$ -	0.00%
Planning and Zoning	\$ 92,140	\$ 99,760	\$ 104,260	\$ 26,950	\$ (77,310)	-74.15%
Government Buildings	\$ 26,900	\$ 26,900	\$ 26,900	\$ 23,200	\$ (3,700)	-13.75%
Police	\$ 984,950	\$ 1,086,630	\$ 1,147,490	\$ 1,329,470	\$ 181,980	15.86%
Building Code	\$ 135,050	\$ 124,330	\$ 130,900	\$ 156,520	\$ 25,620	19.57%
Street	\$ 785,420	\$ 801,490	\$ 770,890	\$ 814,910	\$ 44,020	5.71%
Library Maintenance	\$ 30,500	\$ 29,680	\$ 26,800	\$ 27,450	\$ 650	2.43%
Unallocated Expenditures	\$ 168,540	\$ 198,675	\$ 262,882	\$ 247,500	\$ (15,382)	-5.85%
Worker's Comp	\$ 50,000	\$ 60,000	\$ 66,000	\$ 112,419	\$ 46,419	70.33%
General Liability Insurance	\$ 35,000	\$ 40,000	\$ 44,000	\$ 46,451	\$ 2,451	5.57%
Total Expenditures	2,688,170	2,691,145	2,817,372	3,086,153	268,781	9.54%

And

BE IT FURTHER RESOLVED that the City Council of the City of Le Sueur, Le Sueur County, Minnesota, directs the following sums of money be levied for collection in 2023 upon the table property in said City of Le Sueur for the following purposes:

	2022 Levy	Proposed 2023 Levy	Increase (Decrease) from 2022	Percent Change from 2022
General Levy	\$ 688,903	\$ 1,111,271	\$ 422,368	61%
Community Center	\$ 695,721	\$ 834,071	\$ 138,350	20%
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Total City Wide Levy	\$ 3,106,437	\$ 3,510,607	\$ 404,170	13.01%

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.

PASSED by the City Council of the City of Le Sueur on this 12th day of December 2022.

ATTEST



City Clerk



Mayor

VOTE: Y KIRBY Y WILLIAMS Y HUNTINGTON Y SCHLUETER
Y KROGMANN Y SWANBERG Y SULLIVAN