

JOURNAL OF COMMISSION WORK SESSION
January 16, 2024

City Commission Work Session
Civic Center, Gibson Room 212

Mayor Reeves presiding

CALL TO ORDER: 5:30 PM

CITY COMMISSION MEMBERS PRESENT: Cory Reeves, Susan Wolff, Joe McKenney and Rick Tryon. Commissioner Shannon Wilson was excused.

STAFF PRESENT: City Manager Greg Doyon and Deputy City Manager Chuck Anderson; City Attorney David Dennis; Public Works Director Chris Gaub; Finance Director Melissa Kinzler, Deputy Director Kirsten Wavra and Financial/Tax/Budget Analyst Levi Johnson; Planning and Community Development Director Brock Cherry; Park and Recreation Director Steve Herrig; Information Technology Director Todd Feist; Municipal Court Supervisor Morgan Medvec; Fire Chief Jeremy Jones; Police Chief Jeff Newton; and, Deputy City Clerk Darcy Dea.

PUBLIC COMMENT

Donna Williams, 2916 2nd Avenue North, provided and discussed an International Renewable Energy Agency and Elekrete handout. She explained that the way to save money and make the City a better place is to make the Electric City electric again. Ms. Williams suggested that the City require new construction to be solar-ready and utilize electric vehicles.

1. SEMI-ANNUAL BUDGET REVIEW

Finance Director Melissa Kinzler and Deputy Director Kirsten Wavra reviewed and discussed the following PowerPoint:

Quarterly Budget Review

- 4th Quarter Fiscal Year 2023
- 2nd Quarter Fiscal Year 2024



4th Quarter Fiscal Year 2023

General Fund

- Fund Balance Comparison
- Revenue
 - Tax Revenue
- Expenses

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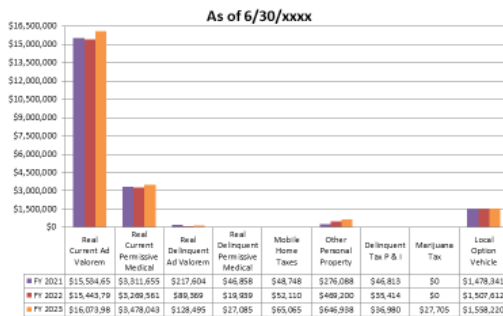
General Fund Three Year Comparison

	As of 6/30/xxxx		
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Revenue Totals	\$36,143,514	\$34,001,701	\$33,973,714
Expenditure Totals	\$37,205,207	\$35,302,147	\$34,526,215
Revenue Over (Under) Expenditures	(\$1,061,693)	(\$1,300,446)	(\$552,501)
Beginning Fund Balance, 7/1	\$11,741,081	\$13,041,527	\$13,594,028
Net Change	(\$1,061,693)	(\$1,300,446)	(\$552,501)
Ending Fund Balance, 6/30	\$10,679,388	\$11,741,081	\$13,041,527
Unreserved Balance	\$7,299,558	\$7,156,251	\$8,456,697
Reserved CARES Act Balance	\$3,379,830	\$4,584,830	\$4,584,830
Fund Balance Total	\$10,679,388	\$11,741,081	\$13,041,527
Unreserved % (22% Policy)	19.62%	20.27%	24.49%
CARES Act %	9.08%	12.99%	13.28%
Fund Balance % Total	28.70%	33.26%	37.77%

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General Fund Three Year Tax Revenue



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2nd Quarter Fiscal Year 2024

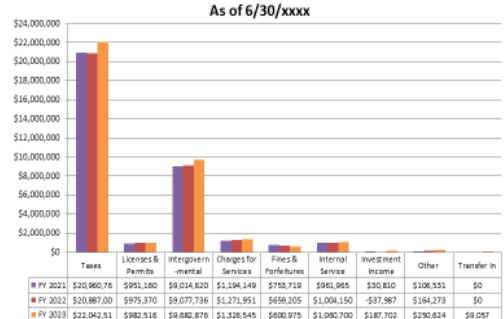
General Fund

- Fund Balance Comparison
- Cash Flow
- Revenue
 - Tax Revenue
- Expenses

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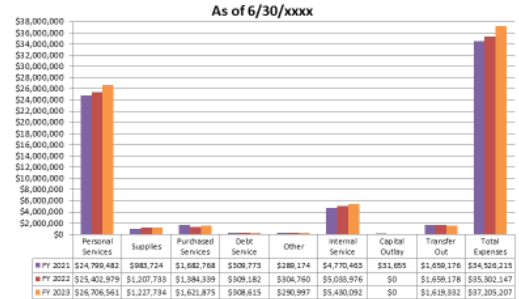
General Fund Three Year Revenue Comparison



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General Fund Three Year Expense Comparison



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General Fund Three Year Comparison

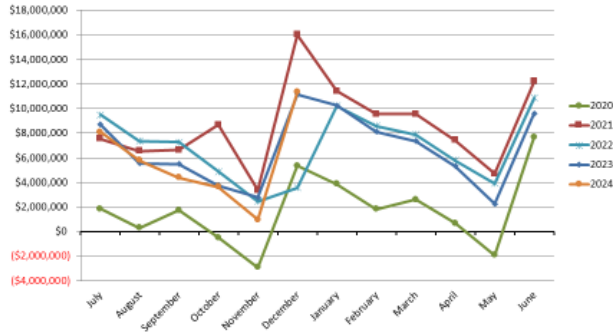
	As of 12/31/xxxx		
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Revenue Totals	\$20,082,949	\$18,600,350	\$8,820,472
Expense Totals	\$19,853,208	\$19,201,720	\$18,302,916
Revenue Over (Under) Expenditures	\$229,681	(\$591,376)	(\$9,476,444)
Beginning Fund Balance, 7/1	\$10,679,388	\$11,741,081	\$13,041,527
Net Change	\$229,681	(\$591,376)	(\$9,476,444)
Ending Fund Balance, 12/31	\$10,909,069	\$11,079,705	\$3,565,083
Unreserved Fund Balance	\$8,527,303		
CARES Reserved Balance	\$2,381,766		
Total Fund Balance	\$10,909,069		

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General Fund Monthly Cash Flow by Fiscal Year



General Fund Updated Budget Drivers

• Newly Taxable Property	Budgeted	\$ 400,000
	Actual	\$ 1,510,213
	Increase	\$ 1,110,213
• Protested Taxes		
	City's Protested Taxes at 12/31/2023	1 st Half Taxes Due
	General Levy	\$ 474,924.52
	Permissive Medical Levy	\$ 93,669.92
	Soccer Park Levy	\$ 3,895.10
	Library Levy	\$ 52,973.65
	West Bank TID	\$ 19,387.66
	Total Protested Taxes	\$ 644,850.75
• Reimbursement from Sale of Centene Building	General Fund	\$ 800,000
	Water Fund	\$ 62,674
	Sewer Fund	\$ 74,768
	Street Fund	\$ 62,558
	Total Reimbursed to City	\$ 1,000,000

General Fund Updated Budget Drivers

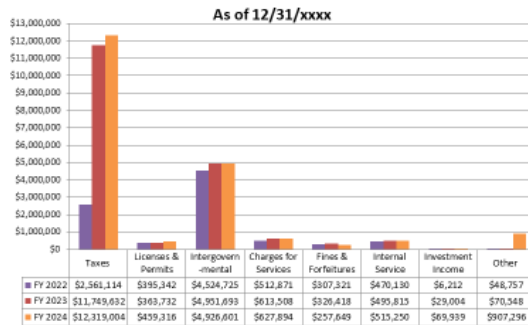
• Marijuana Tax Revenue		
Quarter 1 (Partial)	\$	27,705
Quarter 2	\$	55,564
Quarter 3	\$	56,179
Total Received to Date	\$	139,448
Estimated Annual Amount	\$	220,000

• National Opioid Settlement Revenue		
Total Received to Date	\$	83,308
<u>Must be used for opioid related expenses</u>		

General Fund Unreserved Fund Balance

Adopted Budget Revenues Over (Under) Expenses	\$ (998,064)	
Newly Taxable Property	\$ 1,110,213	
Protested Taxes	\$ (1,093,591)	
Sale of Centene Property	\$ 800,000	* if not used for one-time expense
Marijuana Tax	\$ 220,000	
Projected Revenues Over (Under) Expenses	\$ 38,558	
	FY2024 Adopted Budget	FY2024 Projected
Beginning Fund Balance, 7/1	\$ 10,225,303	\$ 10,579,388
Net Change	\$ (998,064)	\$ 38,558
Ending Fund Balance, 12/31	\$ 9,227,239	\$ 10,717,946
Unreserved Fund Balance	\$ 6,845,473 17.57%	\$ 7,299,558 18.73%
CARES Reserved Balance	\$ 2,381,766 6.11%	\$ 3,418,388 8.77%
Total Fund Balance	\$ 9,227,239 23.68%	\$ 10,521,836 27.50%

General Fund Three Year Revenue Comparison



General Fund Budget to Actual Comparison

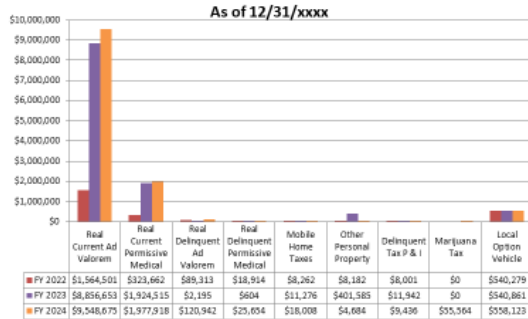
General Fund Revenues	FY2024 Budget	As of 12/31/2023	% to Date
Taxes	\$24,182,096	\$12,319,004	50.9%
Licenses & Permits	\$916,500	\$459,316	50.1%
Intergovernmental	\$9,730,562	\$4,926,601	50.6%
Charges for Services	\$1,149,262	\$627,894	54.6%
Fines & Forfeitures	\$680,000	\$257,649	37.9%
Internal Service	\$1,102,343	\$515,250	46.7%
Investment Income	\$20,000	\$69,939	349.7%
Other	\$192,874	\$907,296	470.9%
Total Revenue	\$37,973,437	\$20,082,949	52.9%

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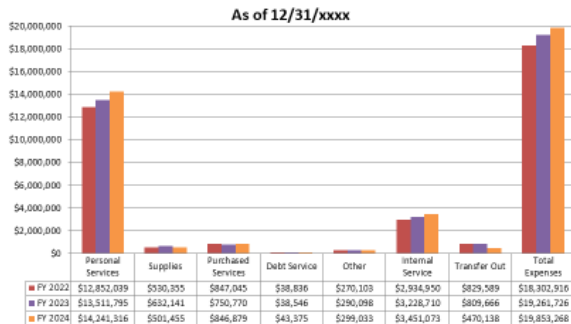
General Fund Three Year Tax Revenue



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General Fund Three Year Expense Comparison



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2nd Quarter Fiscal Year 2024

Funds Needing Attention

- Golf Courses
- Recreation
- Multi-Sports
- Civic Center Events
- Parking
- Planning & Community Development
- Health & Benefits
- Human Resources

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General Fund Budget to Actual Comparison

Tax Revenue Detail	FY2024 Budget	As of 12/31/2023	% to Date
Real Current Ad Valorem	\$17,839,752	\$9,548,675	53.5%
Real Current Permissive Medical	\$3,962,344	\$1,977,918	49.9%
Real Delinquent Ad Valorem	\$665,000	\$120,942	18.2%
Real Delinquent Permissive Medical	\$85,000	\$25,654	30.2%
Mobile Home Taxes	\$45,000	\$18,008	40.0%
Other Personal Property	\$150,000	\$4,684	3.1%
Delinquent Tax Penalty & Interest	\$35,000	\$9,436	27.0%
Marijuana Tax	\$0	\$55,564	-
Local Option Vehicle	\$1,400,000	\$558,123	39.9%
Total Tax Revenue	\$24,182,096	\$12,319,004	50.9%

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General Fund Budget to Actual Comparison

General Fund Expenses	FY2024 Budget	As of 12/31/2023	% to Date
Personal Services	\$28,706,029	\$14,241,316	49.6%
Supplies	\$1,106,298	\$501,455	45.3%
Purchased Services	\$1,899,367	\$846,879	44.6%
Debt Service	\$317,529	\$43,375	13.7%
Other	\$270,000	\$299,033	110.8%
Internal Service	\$5,733,002	\$3,451,073	60.2%
Transfer Out	\$940,276	\$470,138	50.0%
Total Expenses	\$38,971,501	\$19,853,268	50.9%

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Golf Courses Fund Three Year Comparison

Course Co. Financials as of November 30, 2023	As of 11/30/xxxx		
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Operating Revenues	\$819,836	\$736,311	\$735,734
Revenue Received from Course Co.	\$0	\$374,411	\$264,000
Revenue Totals	\$819,836	\$1,110,722	\$999,734
Expense Totals	\$817,192	\$773,890	\$674,578
Revenue Over (Under) Expenditures	\$2,644	\$336,832	\$325,156
Beginning Fund Balance, 7/1	(\$313,202)	(\$530,804)	(\$1,111,409)
Net Change	\$2,644	\$336,832	\$325,156
Ending Fund Balance, 11/30	(\$310,558)	(\$193,972)	(\$786,253)

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Recreation Fund Three Year Comparison

As of 12/31/xxxx			
Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	
Revenue - Operating	\$103,083	\$78,100	\$56,768
Revenue - Transfer In (General Fund)	\$19,603	\$19,603	\$19,603
Revenue - Transfer In (CARES)	\$0	\$70,000	\$0
Revenue Totals	\$122,686	\$167,703	\$76,371
Expenditure Totals	\$286,036	\$286,208	\$238,384
Revenue Over (Under) Expenditures	(\$163,950)	(\$118,504)	(\$162,013)
Beginning Fund Balance, 7/1	\$25,570	\$19,805	(\$118,836)
Net Change	(\$163,950)	(\$118,504)	(\$162,013)
Ending Fund Balance, 12/31	(\$138,380)	(\$98,700)	(\$280,848)

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Civic Center Events Fund Three Year Comparison

As of 12/31/xxxx			
Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	
Revenue - Operating	\$121,644	\$80,717	\$103,557
Revenue - Transfer In (General Fund)	\$0	\$132,957	\$132,957
Revenue Totals	\$121,644	\$213,673	\$236,514
Expenditure Totals	\$307,592	\$282,220	\$280,453
Revenue Over (Under) Expenditures	(\$185,947)	(\$98,547)	(\$43,939)
Beginning Fund Balance, 7/1	\$329,850	\$400,270	(\$64,605)
Net Change	(\$185,947)	(\$98,547)	(\$43,939)
Ending Fund Balance, 12/31	\$143,902	\$301,723	(\$108,544)

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Planning & Community Development Fund Three Year Comparison

As of 12/31/xxxx			
Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	
Revenue - Operating	\$323,747	\$340,339	\$243,602
Revenue - Transfer In (General Fund)	\$188,486	\$188,486	\$135,966
Revenue - Transfer In (CARES)	\$0	\$148,750	\$0
Revenue Totals	\$512,213	\$677,555	\$379,568
Expenditure Totals	\$671,359	\$634,831	\$584,170
Revenue Over (Under) Expenditures	(\$159,145)	\$42,724	(\$204,602)
Beginning Fund Balance, 7/1	\$105,124	(\$212,464)	\$50,813
Net Change	(\$159,145)	\$42,724	(\$204,602)
Ending Fund Balance, 12/31	(\$54,021)	(\$169,740)	(\$153,789)

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Multi-Sports Fund Three Year Comparison

As of 12/31/xxxx			
Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	
Revenue - Operating	\$20,822	\$14,455	\$15,617
Revenue - Transfer In (CARES)	\$0	\$17,250	\$0
Revenue Totals	\$20,822	\$31,705	\$15,617
Expenditure Totals	\$61,109	\$47,366	\$49,479
Revenue Over (Under) Expenditures	(\$40,286)	(\$15,661)	(\$33,863)
Beginning Fund Balance, 7/1	\$28,544	\$31,086	(\$4,210)
Net Change	(\$40,286)	(\$15,661)	(\$33,863)
Ending Fund Balance, 12/31	(\$11,743)	\$15,425	(\$38,073)

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Parking Fund Three Year Comparison

As of 12/31/xxxx			
Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	
Revenue - Operating	\$323,093	\$335,246	\$302,002
Revenue - Transfer In (ARPA)	\$0	\$52,878	\$0
Revenue Totals	\$323,093	\$388,121	\$302,002
Expenditure Totals	\$306,034	\$296,057	\$280,214
Revenue Over (Under) Expenditures	\$17,059	\$90,065	\$41,788
Beginning Fund Balance, 7/1	\$171,450	\$102,914	(\$72,444)
Net Change	\$17,059	\$90,065	\$41,788
Ending Fund Balance, 12/31	\$188,509	\$192,979	(\$30,656)

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Health & Benefits Fund Three Year Comparison

As of 12/31/xxxx			
Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	
Revenue Totals	\$5,193,884	\$4,980,475	\$4,708,269
Expense Totals	\$4,648,792	\$2,849,901	\$3,110,994
Revenue Over (Under) Expenditures	\$545,092	\$2,130,575	\$1,597,275
Beginning Fund Balance, 7/1	\$3,265,995	\$1,917,917	\$1,521,149
Net Change	\$545,092	\$2,130,575	\$1,597,275
Ending Fund Balance, 12/31	\$3,811,087	\$4,048,492	\$3,118,425

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Human Resources Fund Three Year Comparison

	As of 12/31/xxxx		
	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Revenue Totals	\$550,139	\$507,742	\$494,961
Expense Totals	\$562,104	\$499,422	\$315,804
Revenue Over (Under) Expenditures	(\$11,965)	\$8,319	\$179,157
Beginning Fund Balance, 7/1	(\$21,967)	\$97,833	\$17,655
Net Change	(\$11,965)	\$8,319	\$179,157
Ending Fund Balance, 12/31	(\$33,931)	\$106,153	\$196,811

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Finance Director Kinzler provided and discussed a Fund Balance Sheet as of 6/30/2023 and 12/31/2023 handout, as well as a Non Performing Fund Action Plan handout.

Mayor Reeves inquired about the \$83,000 for the National Opioid Settlement.

Finance Director Kinzler responded that the projected revenue would be for approximately 10 years. The revenue would be approximately \$40,000 yearly for the next couple of years and approximately \$25,000 for 2026. The revenue would be limited unless there are additional settlements.

City Manager Greg Doyon added that the National Opioid Settlement Revenue is very restricted to how it can be utilized.

Deputy Finance Director Wavra explained that in FY 2022, the first half payments were delayed until January. The school district had to recertify, which postponed tax bills being sent out by the county and postponed the City's collections by a month.

Finance Director Kinzler added that the unreserved fund balance was raised to at least 22 percent because of the anticipated delay in the first half payments.

City Manager Doyon further added that if there is an appeal and the City does not bring in the anticipated revenues, it loses some of its recertification.

Commissioner Tryon received clarification that a decline in fines and forfeitures has been a normal trend for the past five years. He further received clarification that probable factors to the decline are fewer fines and not having the ability to collect fines. The Police Department issues fines and forfeitures and Municipal Court collects them.

City Manager Doyon explained that the weather, national economy or management could affect the non performing funds. Sometimes the non performing funds provide services that are out of line with what

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the community wants or there is an imbalance of the percentage of cost recovery between the user and service. He discussed a Non Performing Fund Action Plan handout.

Commissioner McKenney commented that leasing the golf courses seems to have been a success.

City Manager Doyon responded that having two public golf courses in a community of this size is unusual and difficult. The deficit has been reduced; however, because of Covid, there has been a delay in additional payments from CourseCo until they are able to hit their performance part of the contract.

Commissioner McKenney commented that entertainment is the common denominator for some of the funds needing attention. He suggested adding a non performing fund action plan topic to an upcoming work session to explore options for reducing the Recreation, Multi-Sports, Civic Center Events and Parking fund balances.

Commissioner Wolff expressed concern that the City is slipping backwards even though there has been some growth. She commented that during the safety levy process, the community was unaware of what the current and future needs were with the major influx of people that will be arriving because of the Sentinel project. There were multiple opportunities for citizens to engage and they did not. She hopes that something bad does not have to happen before the community wants to engage. Commissioner Wolff inquired about a substantial increase in the City's taxable assessments this year, other community's budget issues and if ADF International and Agri-Tech Park are in a Tax Increment Financing (TIF) District.

Finance Director Kinzler responded that the reason for the increase in the City's taxable assessment was Calumet being a commercial property. There are several caveats about receiving a newly taxable assessment. A commercial project cannot be in a TIF District or be a nonprofit and it must have a taxable value. ADF International is in a TIF District until approximately 2036 and received a tax abatement because the City issued a 20-year debt against it. Agri-Tech Park is in the East Industrial TIF District and has not had any debt issued against it.

City Manager Doyon further responded that every community is struggling with their budget and public safety needs. One of the state wide property tax caps impedes the City's ability to adjust its budget to meet what the City believes it needs to be providing to the residents and there is no option around that besides asking for a levy.

DISCUSSION OF POTENTIAL UPCOMING WORK SESSION TOPICS

City Manager Greg Doyon reported that topics for the February 6, 2024 work session include a Park and Recreation fee update, as well as lead and copper rule - SRF loan conditions for pilot project. A House Bill 355 – award and funding recommendation and storm water master plan update will be topics for the February 20, 2024 work session. An after the safety levy discussion will be a topic for a special work session on February 12, 2024.

Commissioner McKenney requested that a public safety advisory committee topic be added to an upcoming work session sooner than later.

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ADJOURN

There being no further discussion, Mayor Reeves adjourned the informal work session of January 16, 2024 at 6:45 p.m.