



2021 GENERAL FUND EXECUTIVE BUDGET SUMMARY

November 11, 2020

To: The Honorable Terry Burns, Village President, and members of the Board of Trustees

From: Tim Popanda, Village Administrator

The following is the Village of Paddock Lakes 2021 Executive Budget summary for fiscal year beginning January 1, 2021.

The General Fund Budget represents possibly one of the most important documents presented to and approved by the Village Board. The budget establishes an operational and financial plan for the delivery of Village services as well as the implementation of the Village Capital Improvement Plan (CIP).

The \$ 1,911,499 Fiscal Year (FY) 2021 Budget for the Village of Paddock Lake focuses on continuing the Village Boards commitment to maintain the quality of public services and infrastructure our residents expect. For the upcoming FY, our contract service expenses are expected to increase by 1.1% or \$20,120 while our revenues have decreased by \$35,000. To balance our 2021 FY Budget and keep from raising taxes, various line items of the budget have been reduced to accommodate the increases, the budget has also been infused with \$33,118 from the Tax Stabilization fund to balance the FY 2021 budget.

The 2021 Executive Budget represents the funding of the Village Boards strategic roadmap to the near future of the Village. This proposed budget is more than just revenues, expenses and projects, it also serves these basic purposes:

1. When adopted the budget will become a policy document that is defined by the Village Board and provide direction.
2. Financial plan that defines the various sources of funds to be collected as well as services, programs and activities that the residents can expect to be provided.
3. The FY Budget serves as an operational guide for Village staff.

4. Funding of the Village five-year Capital Improvement Plan.
5. Ensure that debt obligations are met.

This document and the budget process are continuously evolving. Over the past couple of years the Village Board has added new sections and more detailed information about our operational expenses that have been moved within the General fund budget to better reflect those expenditures.

The Village of Paddock Lake continues to provide excellent, high level services to the citizens of Paddock Lake for a reasonable value. We continue to face challenges with our shared State revenues, as the State continues to lower the General Transportation aids, recycling grants and sales tax aids, the Village will continue to experience issues with revenues to support our future budgets. In December of 2016 the Village Board recognized this trend of reduced State revenues and adopted a revised Fund Balance Policy, this fund balance policy created a new reserve fund called the "Property Tax Stabilization fund". This fund is intended to hold in reserve funds sufficient to cover the reduction of future State of Wisconsin shared revenues.

The recommended 2021 Budget includes funding for the CIP with a budget amount of \$92,000. The Village Board is committed to allocating resources to maintain, preserve and/or replace infrastructure, facilities, roads and equipment. In addition to funds from the FY 2021 Budget, the CIP is typically funded by prior budget year carry-overs and unspent funds, those FY 2020 carry-overs are expected to be \$105,000.

2021 BUDGET SUMMARY

AREA ECONOMY

Over the past two (2) years the Village has gained valuable data for the future economic forecast of the Village. In these two years we have seen a stabilization of several key areas of the local economy they are; increased occupancy of vacant commercial buildings, new commercial construction, increased home sales, increased new housing starts, and the increase of residential and commercial property values.

The stabilization and growth in the Village business community are important to the Village, not only for the increase in property values that lead to an increase in property taxes collected but also as shared revenues from the State in the way of shared sales tax revenues, these shared revenues account for 4.0 % or \$76,078 of our budget.

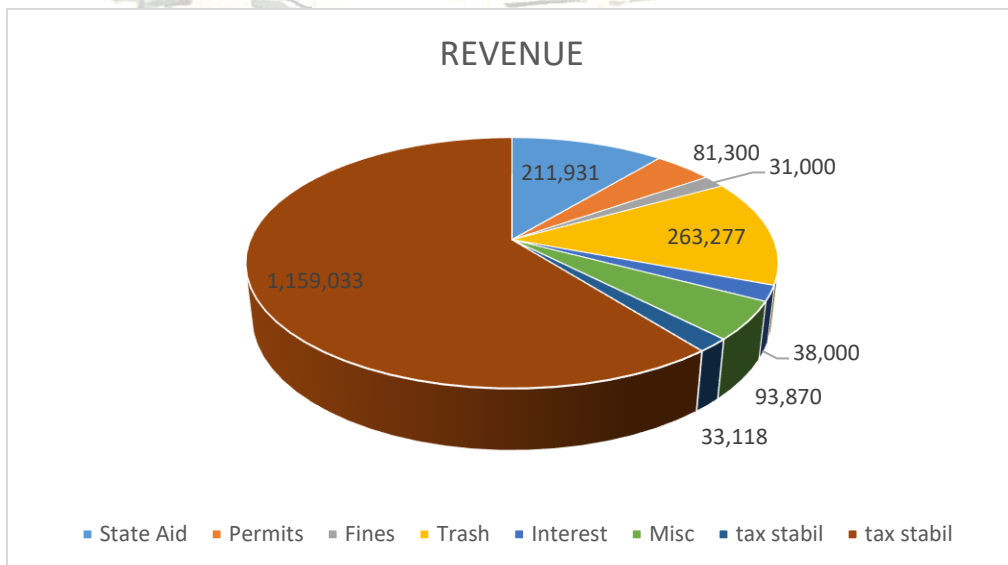
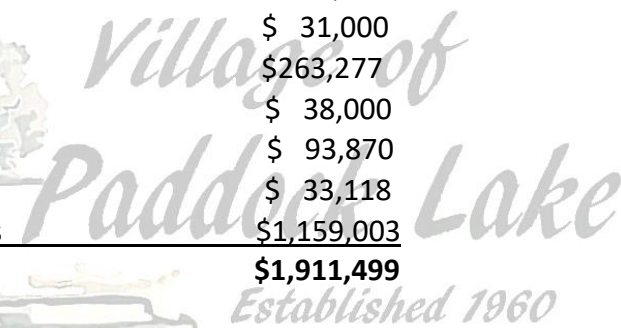
The Village commercial and residential development looks to increase in 2021-2022 with the completion and occupancy of the new Taco Bell and numerous new single-family homes.

2021 should see continued increases in residential housing prices along with brisk sales of existing homes. Over the past five years the Village has seen several new families relocate to Paddock Lake from Illinois as well as the City of Kenosha, these new residents report they are attracted to the area schools as well as the quality of life Paddock Lake offers.

BUDGET REVENUES

The General Budget relies heavily on property taxes to support the operations of the budget. In addition to property taxes, the budget relies on revenues from the State of Wisconsin, lease payments for the cell phone towers, permits and fees. The following depicts the sources of revenues and the percentage they represent:

• State Aids	\$211,931
• Permit and business fees	\$ 81,300
• Fines and Penalties	\$ 31,000
• Trash and Recycling	\$263,277
• Interest of Investments	\$ 38,000
• Misc. Revenue	\$ 93,870
• Tax Stabilization fund transfer	\$ 33,118
• Property taxes/General revenues	\$1,159,003
Total Revenue	\$1,911,499



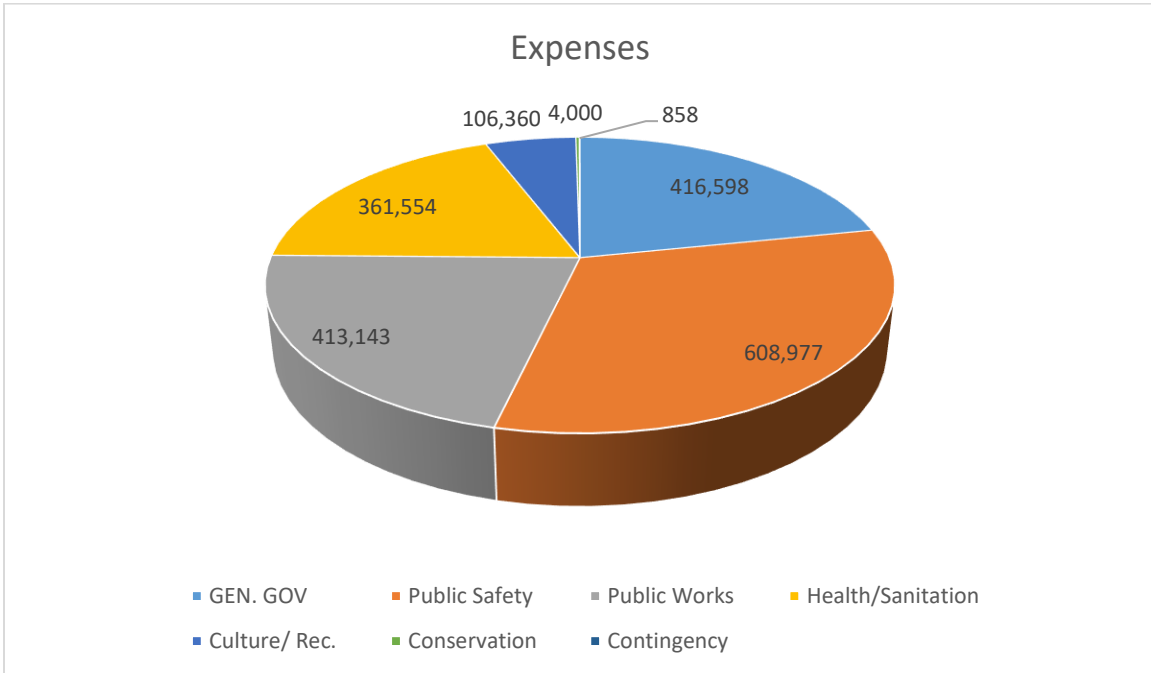
EXPENSES

The following represents the summary breakdown of major expenses impacting the FY 2021 General Budget.

Description	FY 2020	FY 2021
KCSD Police	327,688	335,421
Fire/ Rescue	208,998	212,969
Trash/ Recycling	250,661	258,077
Payroll Less WWTP & WATER	327,077	333,753
Liability, Property & Work comp	33,000	34,320
Group Health	114,200	123,426
Retirement	21,094	21,137
Library	79,275	84,458
Pro Services	73,500	73,500

EXPENSES BY DEPT. GROUP

Department	FY 2020	FY 2021	Percent of Budget
General Government	424,272	416,598	21.7
Public Safety	595,535	608,977	31.8
Public Works	409,832	413,143	21.5
Health & Sanitation	353,263	361,554	18.9
Culture and Recreation	101,048	106,360	5.4
Conservation	13,700	4,000	.036
Contingency	11,535	858	.034
Total	1,909,185	1,911,499	100



2021 EXECUTIVE BUDGET SUMMARY

The following depicts the breakdown of Village expenditures and how the money is spent by program. Public safety represents the largest area of program appropriations.

<u>General Government</u>	<u>Expenses</u>	<u>Percent of Budget</u>
<u>Village Board</u>	<u>27,986</u>	<u>1.4</u>
<u>Judicial</u>	<u>28,156</u>	<u>1.4</u>
<u>Pro Services</u>	<u>73,500</u>	<u>3.8</u>
<u>Administration</u>	<u>286,956</u>	<u>14.9</u>
<u>Total</u>	<u>416,598</u>	<u>21.7</u>

<u>Public Safety</u>	<u>Expenses</u>	<u>Percent</u>
<u>Water Patrol</u>	<u>8,745</u>	<u>.4</u>

<u>Police</u>	<u>335,421</u>	<u>17.5</u>
<u>Fire and Rescue</u>	<u>212,969</u>	<u>11.1</u>
<u>Building and Zoning</u>	<u>51,016</u>	<u>2.65</u>
<u>Total</u>	<u>608,900</u>	<u>31.8</u>

<u>Public Works</u>	<u>Expenses</u>	<u>Percent</u>
<u>Maintenance</u>	<u>190,713</u>	<u>9.9</u>
<u>Snow Removal</u>	<u>61,665</u>	<u>3.1</u>
<u>Building Maintenance</u>	<u>13,000</u>	<u>.7</u>
<u>Storm Sewer</u>	<u>9,500</u>	<u>.5</u>
<u>Streetlights</u>	<u>32,265</u>	<u>1.6</u>
<u>Prof. Service</u>	<u>6,000</u>	<u>.3</u>
<u>Road Maintenance and CIP</u>	<u>100,000</u>	<u>5.2</u>
	<u>413,143</u>	<u>21.5</u>

<u>Health and Sanitation</u>	<u>Expenses</u>	<u>Percent</u>
<u>Weeds</u>	<u>5,000</u>	<u>.27</u>
<u>Yard Waste</u>	<u>70,482</u>	<u>3.6</u>
<u>Refuse/ Recycling</u>	<u>258,077</u>	<u>13.5</u>
<u>Human services</u>	<u>22,495</u>	<u>1.1</u>
<u>Humane officer and services</u>	<u>5,500</u>	<u>1.53</u>
	<u>361,554</u>	<u>20.12</u>

<u>Culture and Recreation</u>	<u>Expenses</u>	<u>Percent</u>
<u>July 4th and Christmas</u>	<u>2,800</u>	<u>.14</u>
<u>Library</u>	<u>84,458</u>	<u>4.4</u>
<u>Parks and Lakes</u>	<u>18,844</u>	<u>1</u>
	<u>106,360</u>	<u>5.5</u>

<u>Conservation and contingency</u>	<u>Expense</u>	<u>Percent</u>
<u>Trees</u>	<u>4,000</u>	<u>.3</u>
<u>Contingency</u>	<u>857</u>	<u>.4</u>
<u>Total</u>	<u>4,857</u>	<u>.7</u>

FUND BALANCES

One important measure of a community's financial strength is its ability to maintain a healthy reserve fund balance for unforeseen expenses due to emergencies and revenue reductions. This Budget Summary identifies the overall health of the unassigned and assigned reserve fund balances for 2021.

The estimated uncommitted fund balance in the 2021 General Fund will be approximately \$500,000. This balance represents 26% of the 2021 General Fund Budgets estimated expenditures. In addition to the unassigned reserve funds, the Village Board has decided to create and maintain a "Property Tax Stabilization Fund" to offset future reductions in shared revenues. This funds balance will be maintained at approximately \$90,000.

BUDGET OBJECTIVES for 2021

- Continue to explore and find cost savings in each Village department
- Explore additional revenue sources by revising existing fee schedules.
- Continue to purchase supplies and equipment using the State and Federal procurement program.
- Continue to provide quality Village services while maintaining budget restraints.
- Conduct a Village wide property reevaluation.
- Continue to market and or seek tenants for the Village owned Annex Building.

CONCLUSION

In summary, the Village continues to experience the positive effects of the recovery of the National economy, this trend is likely to continue in the years to come. The Village is fortunate to be in a position for proposed development, the possible development of residential along with commercial will only benefit the existing tax base and improve the quality of life for our residents.

2020 was a productive and successful year for the Village. I am most appreciative to the Village President Terry Burns, the Village Board of Trustees and all of my fellow Village employees who continue to professionally serve the interests of the Village residents.

Respectfully submitted,

Timothy A. Popanda

Village Administrator

