

2023 GENERAL FUND EXECUTIVE BUDGET SUMMARY

October 14, 2022

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 2023 Executive Budget summary for fiscal year beginning January 1, 2023.

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 **\$ 2,087,321** Fiscal Year (FY) 2023 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 fiscal year, our contract service expenses are expected to increase by **\$88,446** (Police, Fire, trash and Assessing, Accounting, IT), the Village is fortunate to also see increases in revenue of \$137,917.

The 2023 Executive Budget summary represents the funding of the Village Boards strategic roadmap for 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. \$32,688 of wage and professional service previously expensed to the General Fund Budget has been moved to the Sanitary Sewer operation budget for FY 2023.

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 2023 Budget includes funding for the CIP with a budget amount of \$21,000. 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 2022 Budget, the CIP is typically funded by prior budget year carry-overs and unspent funds, those FY 2022 carry-overs are expected to be \$83,000.

2023 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 8.7 % or \$183,427 of our budget.

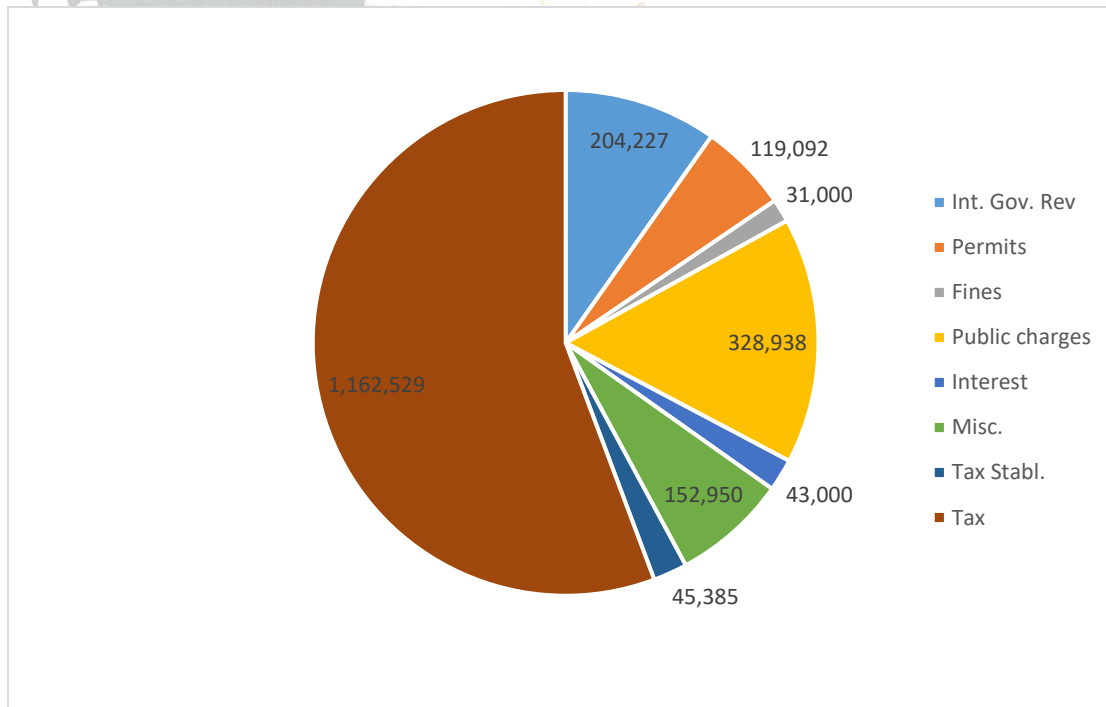
The Village commercial and residential development looks to increase in 2022-2023 with the completion and occupancy of the new Scooters Coffee, Dunkin Donuts, Assisted living center, Kwik-Trip, and numerous new single-family homes.

2023 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:

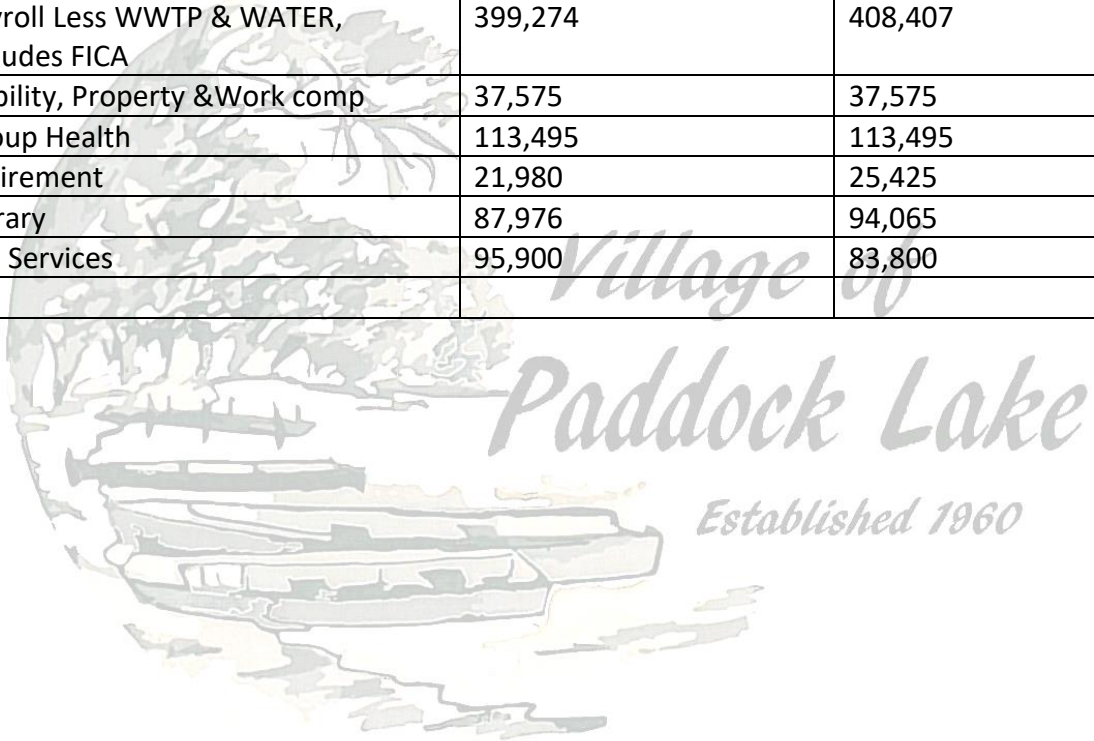
• State Aids	\$204,227	.0989
• Permit and business fees	\$119,092	.0574
• Fines and Penalties	\$ 31,000	.0148
• Public Charges	\$328,938	.1554
• Interest of Investments	\$ 43,000	.0206
• Misc. Revenue	\$ 152,950	.0732
• Tax Stabilization fund transfer	\$ 45,585	.0217
• <u>Property taxes/General revenues</u>	<u>\$1,162,529</u>	<u>.557</u>
Total Revenue	\$2,087,321	



EXPENSES

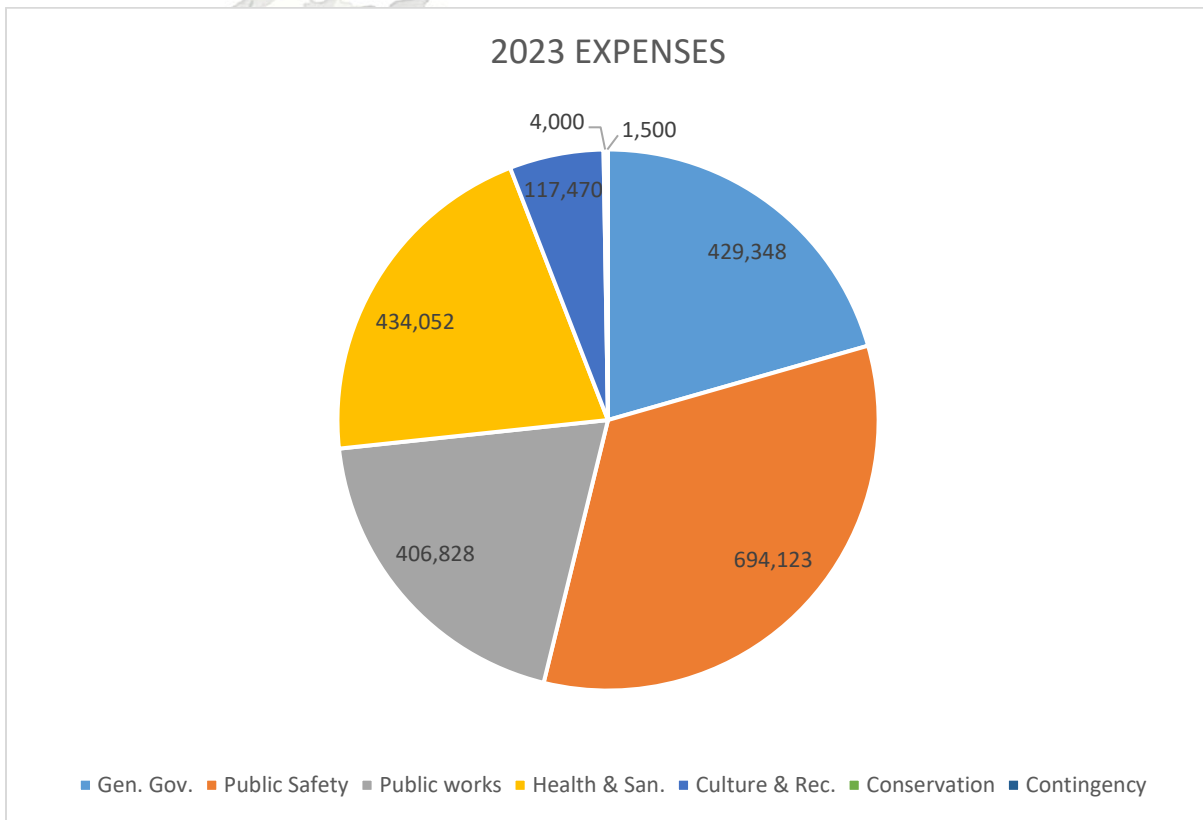
The following represents the summary breakdown of major expenses impacting the FY 2023 General Budget.

Description	FY 2022	FY 2023
KCSD Police	356,597	373,025
Fire/ Rescue	212,969	257,152
Trash/ Recycling	258,077	311,938
Payroll Less WWTP & WATER, includes FICA	399,274	408,407
Liability, Property & Work comp	37,575	37,575
Group Health	113,495	113,495
Retirement	21,980	25,425
Library	87,976	94,065
Pro Services	95,900	83,800



EXPENSES BY DEPT. GROUP

Department	FY 2022	FY 2023	Percent of Budget
General Government	451,017	429,328	20.5
Public Safety	608,991	694,123	34
Public Works	417,767	406,828	19
Health & Sanitation	363,079	434,052	20.8
Culture and Recreation	110,059	117,470	.05
Conservation	4,000	4,000	.001
Contingency	560	1,500	.0007
Total	1,956,473	2,087,321	100



2023 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 2023</u>	<u>Percent of Budget</u>
<u>Village Board</u>	<u>28,136</u>	<u>.013</u>
<u>Judicial</u>	<u>28,406</u>	<u>.013</u>
<u>Pro Services</u>	<u>83,800</u>	<u>.040</u>
<u>Administration</u>	<u>289,006</u>	<u>.138</u>
<u>Total</u>	<u>429,348</u>	<u>.204</u>

<u>Public Safety</u>	<u>Expenses</u>	<u>Percent</u>
<u>Water Patrol</u>	<u>8,883</u>	<u>.0042</u>
<u>Police</u>	<u>374,317</u>	<u>.013</u>
<u>Fire and Rescue</u>	<u>257,152</u>	<u>.123</u>
<u>Building and Zoning</u>	<u>53,821</u>	<u>.025</u>
<u>Total</u>	<u>694,123</u>	<u>.33</u>

<u>Public Works</u>	<u>Expenses</u>	<u>Percent</u>
<u>Maintenance</u>	<u>215,420</u>	<u>.103</u>
<u>Snow Removal</u>	<u>70,908</u>	<u>.029</u>
<u>Building Maintenance</u>	<u>15,500</u>	<u>.007</u>
<u>Storm Sewer</u>	<u>9,000</u>	<u>.004</u>
<u>Streetlights</u>	<u>30,000</u>	<u>.014</u>
<u>Prof. Service</u>	<u>6,000</u>	<u>.002</u>
<u>Road Maintenance and CIP</u>	<u>60,000</u>	<u>.028</u>
	<u>406,828</u>	<u>.194</u>

<u>Health and Sanitation</u>	<u>Expenses</u>	<u>Percent</u>
<u>Weeds</u>	<u>4,900</u>	<u>.002</u>
<u>Yard Waste</u>	<u>87,956</u>	<u>.042</u>
<u>Refuse/ Recycling</u>	<u>311,938</u>	<u>.14</u>
<u>Human services</u>	<u>23,758</u>	<u>.001</u>
<u>Humane officer and services</u>	<u>5,500</u>	<u>.002</u>
	<u>434,052</u>	<u>.207</u>

<u>Culture and Recreation</u>	<u>Expenses</u>	<u>Percent</u>
<u>July 4th and Christmas</u>	<u>2,800</u>	<u>.0013</u>
<u>Library</u>	<u>94,065</u>	<u>0.42</u>
<u>Parks and Lakes</u>	<u>23,758</u>	<u>.001</u>
	<u>117,470</u>	<u>.056</u>

<u>Conservation and contingency</u>	<u>Expense</u>	<u>Percent</u>
<u>Trees</u>	<u>4,000</u>	<u>.0019</u>
<u>Contingency and Misc. expenses</u>	<u>1,500</u>	<u>.0007</u>
<u>Total</u>	<u>5,500</u>	<u>.0026</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 2023.

The estimated uncommitted fund balance in the 2023 General Fund will be approximately \$523,000. This balance represents 25% of the 2023 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 fund balance will be maintained at approximately \$92,088.

BUDGET OBJECTIVES for 2023

- 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.

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.

2022 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

