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SECURITIES

City of Green Lake, WI

Operating Referendum Discussion



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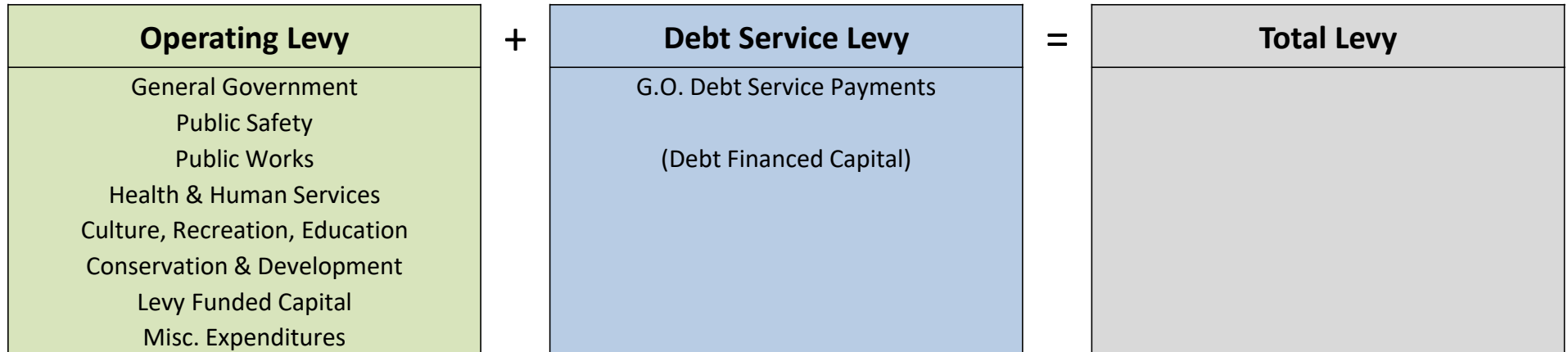
January 8, 2024

(slide 11 revised January 16, 2024)

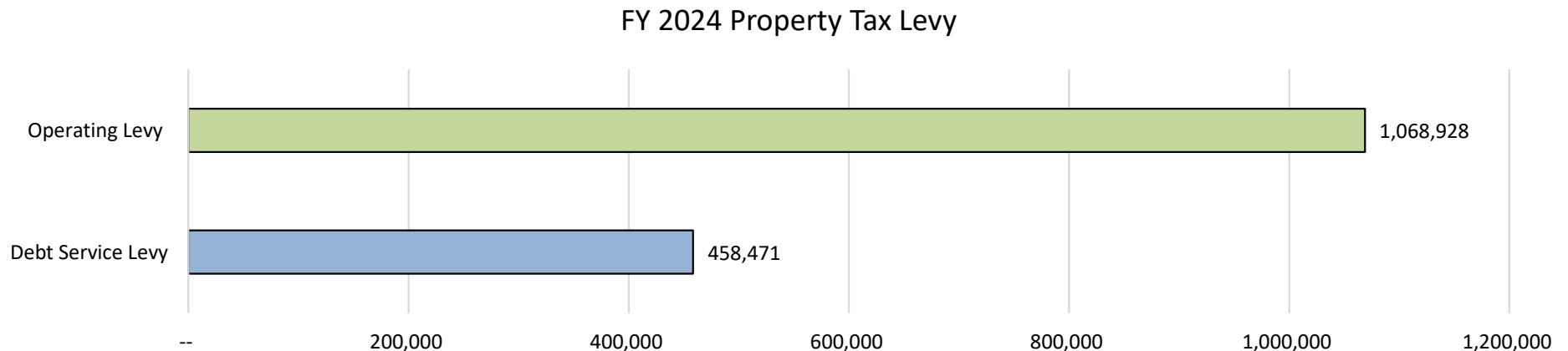


Property Tax Levy (Operating & Debt Service)

The City's property Tax Levy can be allocated between **Operating Levy** and **Debt Service Levy**.



For 2023/2024, the City's \$1,527,399 levy was approximately **70% Operating** and **30% Debt Service**.





Levy Limit Legislation

Since 2006, the state has imposed levy limits on municipalities to slow the growth of local property taxes.

A 2011 law change linked the allowable levy increase exclusively to any increases in property values due to new construction.

Currently:

- ▶ Section 66.0602, Wis. Statutes, imposes a limit on property tax levies by cities, villages, towns and counties.
- ▶ The **percent increase** in the **Operating Levy** is limited to the combined impact of:
 1. Net New Construction (NNC) as a percent of the City's Equalized Value (total)
 2. $\frac{1}{2}$ of the Increment Value from a **closed** Tax Increment District (TID) as a percent of E.V. (TID – Out)
 - ▶ TID Subtractions also treated like a closed TID
 - ▶ TIDs created on or after October 1, 2024, are subject to a reduced levy limit benefit

There is **no limit** on the amount of duly authorized **general obligation debt service**.

The amount of **general obligation debt** is limited to **5.0% of a municipality's Equalized Value**.



Percent Net New Construction / Consumer Price Index

The average annual increase in the City of Green Lake’s Net New Construction since 2010/2011 has been **0.91%**.

The average annual increase in the all-items Consumer Price Index (CPI) since 2010/2011 has been **2.51%**.

Levy Year	Taxes Due Year	Net New Construction (1)
2010	2011	0.39%
2011	2012	0.07%
2012	2013	0.25%
2013	2014	0.47%
2014	2015	0.70%
2015	2016	0.92%
2016	2017	0.43%
2017	2018	1.12%
2018	2019	0.93%
2019	2020	1.32%
2020	2021	0.45%
2021	2022	0.93%
2022	2023	3.73%
2023	2024	1.07%

Year	Percent Change CPI (2)
2011	1.6%
2012	3.2%
2013	2.1%
2014	1.5%
2015	1.6%
2016	0.1%
2017	1.3%
2018	2.1%
2019	2.4%
2020	1.8%
2021	1.2%
2022	4.7%
2023	8.0%
2024	3.5%

14-year Average: **0.91%**

2.51%

(1) Wisconsin Department of Revenue

(2) U.S. Department of Labor via Federal Reserve Bank of Minneapolis



Limiting Operating Levy to % Net New Construction

Below is a hypothetical calculation of **Revenues** growing at Net New Construction and **Expenses** growing at CPI.

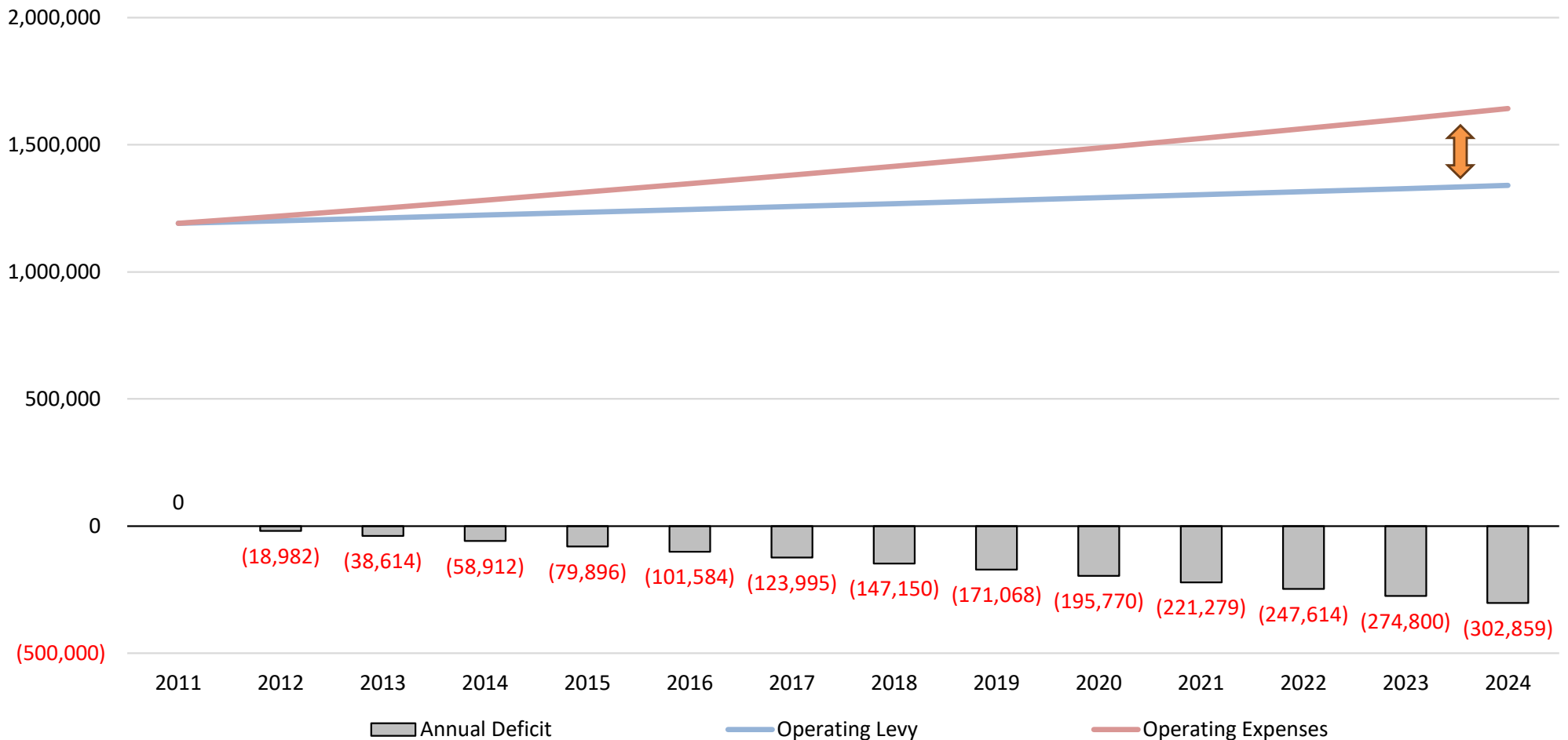
	Net New Construction	Inflation		
	0.91%	2.51%		
Taxes Due	Example	Example		Cumulative
Year	Operating Levy	Operating Expenses	Annual Deficit	Deficit
2011	\$ 1,190,639	\$ 1,190,639	0	0
2012	1,201,508	1,220,490	(18,982)	(18,982)
2013	1,212,476	1,251,090	(38,614)	(57,596)
2014	1,223,544	1,282,456	(58,912)	(116,508)
2015	1,234,713	1,314,609	(79,896)	(196,404)
2016	1,245,985	1,347,568	(101,584)	(297,987)
2017	1,257,359	1,381,354	(123,995)	(421,982)
2018	1,268,837	1,415,986	(147,150)	(569,132)
2019	1,280,419	1,451,487	(171,068)	(740,200)
2020	1,292,108	1,487,878	(195,770)	(935,971)
2021	1,303,903	1,525,181	(221,279)	(1,157,249)
2022	1,315,806	1,563,420	(247,614)	(1,404,863)
2023	1,327,817	1,602,617	(274,800)	(1,679,663)
2024	1,339,938	1,642,797	(302,859)	(1,982,522)



Limiting Operating Levy to % Net New Construction

Below is a chart of the data on the previous slide.

Hypothetical Operating Budget Deficits (0.91% Revenues vs. 2.51% Expenses)





Operating Referendum Question on April 2024 Ballot

There will be a resolution for the City's Common Council consideration on January 16, 2024, to have an Operating Referendum question placed on the April 2024 ballot asking residents to allow the City to increase its tax levy in order to **keep City services at their current levels.**

The referendum question will allow the City to increase its **Total Levy by 24.4%** next year (i.e., from \$1,527,399 to \$1,900,000).

If an operating referendum does not pass, the **City will be forced to make material cuts to staff and other general expenditures beyond the requested increase.** In other words, the City would actually need to **reduce** its **current Operating Levy.**

The reason the City would be **forced to reduce its Operating Levy** if an **Operating Referendum does not pass** is due to a minor error on a Department of Revenue Levy Limit form that was submitted approximately 10 years ago and the State was unable to retroactively make an adjustment.



Estimated Budget With Operating Referendum

Projected City Budgets for 2025 and 2026 with a successful Operating Referendum in April 2024.

	2022 Actual	2023 Estimated	2024 Budget	2025 Proj.	2026 Proj.
Receipts					
Property Tax (Total)	1,314,172	1,465,711	1,527,399	1,900,000	1,912,883
Property Tax (Total) YOY % Change	(0.4%)	11.5%	4.2%	24.4%	0.7%
Other Taxes	34,645	37,600	37,650	37,650	37,650
Special Assessments	0	2,882	220,992	0	0
Intergovernmental Revenues	278,686	183,857	239,069	239,324	239,581
Licenses and Permits	56,611	47,716	51,430	51,430	51,430
Fines, Forfeitures, Penalties	5,009	5,400	4,600	4,600	4,600
Public Charges for Services	164,465	176,119	164,205	168,207	172,309
Intergovernmental Charges for Services	216,810	213,142	272,691	279,508	286,496
Misc. Revenues	260,471	14,000	28,500	23,500	23,500
Other Financing Sources - Debt	1,420,906	288,000	213,850	213,850	213,850
Total before Fund Balance Applied	3,751,775	2,434,427	2,760,386	2,918,069	2,942,300
Other Sources - Fund Balance	0	0	0	0	0
Total Receipts	3,751,775	2,434,427	2,760,386	2,918,069	2,942,300
Expenditures					
General Government	287,200	322,759	319,011	320,778	329,439
Public Safety	788,394	805,754	944,930	966,408	988,401
Public Works	433,304	531,698	479,095	491,072	503,349
Health & Human Services	7,091	7,350	7,650	7,727	7,804
Culture, Recreation, Education	313,025	350,529	320,277	328,040	335,994
Conservation & Development	1,774	4,070	6,750	6,818	6,886
Capital	1,531,701	272,739	213,850	315,000	315,000
Misc. Expenditures	15,920	15,770	10,352	15,000	15,000
Debt Service (Levy Supported)	408,212	543,526	458,471	458,886	457,358
Total Expenditures	3,786,621	2,854,195	2,760,386	2,909,728	2,959,230
Budgeted Revenues Less Budgeted Expenditures:			0	8,341	(16,931)
Surplus = Contingency / Deficit = Fund Balance Applied					



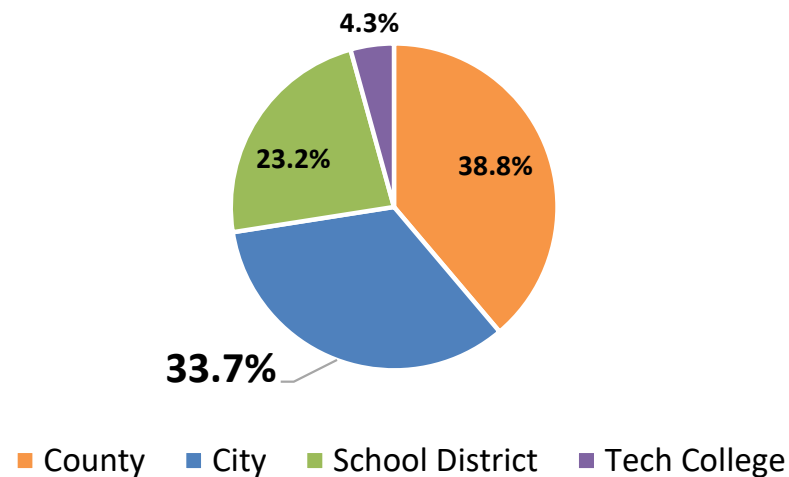
Estimated Impact on Green Lake Taxpayers

It's important to keep in mind that a 24.4% increase in the City's property tax levy **does not mean** that a taxpayer will see their **total property tax bill** grow by the same 24.4%.

The City's portion of the current tax bill is currently **33.7%**.

- ▶ If the City's Levy increased by **24.4%** and the other three taxing jurisdictions increased by **3.0%**, a homeowner's tax bill would increase by approximately **10.2%**.
- ▶ **The impact of the City's increase per \$100,000 Assessed Value (\$148,585 Fair Market Value) is \$161.**
- ▶ **This is a one-time increase - Operating Levy increase limited to approx. 1.0% going forward (% NNC).**

City of Green Lake Tax Bill Allocations 2023/2024





Estimated Impact on Green Lake Taxpayers

The impact of the City’s increase per \$100,000 assessed value (\$148,585 fair market value) is \$161.

- ▶ **Assessed Value** is what the City’s assessor currently assesses the property at.
- ▶ The State “equalizes” Assessed Values to create an estimate of **Fair Market Value**.
- ▶ The below tax bill shows a homeowner with a home assessed at \$300,300, which is estimated to have a Fair Market Value of \$446,200. City tax increase would be \$161 x 3 = \$483.

ASSESSED VALUE LAND 143,800	ASSESSED VALUE IMPROVEMENTS 156,500	TOTAL ASSESSED VALUE 300,300	AVERAGE ASSMT. RATIO 0.673015235	NET ASSESSED VALUE RATE 0.02011768 <small>(Does NOT reflect credits)</small>	NET PROPERTY TAX 5876.99
ESTIMATED FAIR MARKET VALUE LAND 213,700	ESTIMATED FAIR MARKET VALUE IMPROVEMENTS 232,500	TOTAL ESTIMATED FAIR MARKET VALUE 446,200	<input type="checkbox"/> A star in this box means unpaid prior year taxes.	School taxes also reduced by school levy tax credit 326.25	
TAXING JURISDICTION	2022 EST. STATE AIDS ALLOCATED TAX DIST.	2023 EST. STATE AIDS ALLOCATED TAX DIST.	2022 NET TAX	2023 NET TAX	% TAX CHANGE
GREEN LAKE COUNTY	111,944	150,795	2,328.98	2,345.41	0.7%
CITY OF GREEN LAKE	133,081	197,816	1,964.30	2,036.27	3.7%
SCHL-GREEN LAKE	133,658	115,349	1,452.51	1,399.29	-3.7%
MORAINÉ PARK	236,855	243,496	184.64	260.37	41.0%
TOTAL	615,538	707,456	5,930.43	6,041.34	1.9%
FIRST DOLLAR CREDIT			-37.33	-34.80	-6.8%
LOTTERY AND GAMING CREDIT			-122.54	-129.55	5.7%
NET PROPERTY TAX			5,770.56	5,876.99	1.8%

TOTAL DUE: \$5,876.99
FOR FULL PAYMENT
PAY BY:
JANUARY 31, 2024

Warning: If not paid by due dates,
installment option is lost and total tax is
delinquent subject to interest and, if
applicable, penalty.
Failure to pay on time. See reverse.



Final Operating Referendum Question

Election

- ▶ Presidential Preference Primary and Spring Election - **Tuesday, April 2, 2024**

DOR Approved Operating Referendum Question:

- ▶ Under state law, the increase in the levy of the City of Green Lake for the tax to be imposed for the next fiscal year, 2025, is limited to **1.07%**, which results in a levy of **\$1,109,686**. Shall the City of Green Lake be allowed to exceed this limit and increase the levy for the next fiscal year, 2025, for purpose of maintaining public works and public safety services, by a total of **71.220%** which results in a levy of **\$1,900,000**, and on an ongoing basis, include the increase of **\$790,314** for each fiscal year going forward?
- ▶ 1.07% is current year's percent Net New Construction (estimated same for next year's levy)
- ▶ **The real increase is 24.4% (71.2% represents combined "real" increase and "levy allocation" adjustment)**
- ▶ The \$790,432 represents the **combined amounts** of:
 - ▶ Actual year-over-year levy increase (**the real increase**) of \$365,707
 - ▶ Fixing a Levy Limit Worksheet error from years ago of \$424,635 (**not impacting taxpayers today**)
 - ▶ **If a referendum doesn't pass the City would need to Reduce its Operating Levy by \$424,635**
 - ▶ That's a 39.7% reduction in the City's Operating Levy / 27.8% reduction in Total Levy
 - ▶ Service levels would be unrecognizable from today's current levels with this reduction.



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