



Memo

To: Mayor John Dowless, Council President Horn,
Council Member Chotas, Lomas, Pierce and Horn

CC: Chief Freeburg, PD Chief of Staff Patterson, Administrative Assistant Brett Sollazzo; Tammy Campbell, McDirmit-Davis

From: Sandra Riffle, Interim City Clerk

Date: August 31, 2022

Re: Tentative Millage Rate and Budget Adoption - First Public Hearing (9/6/2022)

This is the first public hearing for adopting the tentative millage rate for the City of Edgewood, along with the adoption of the tentative budget. As requested from Council in the last budget workshop, the budget was prepared using a millage rate of 5.25. The following is a history of the City's millage from 2007 to the present:

YEAR	MILLAGE RATE
2007	4.700
20008-2010	3.950
2011-2018	4.950
2019 – Present	5.250

Notes:

- During workshop #2 there was discussion regarding the amount of reserves that the City is allowed to have. Per the City Charter Section 5.09. Unrestricted reserves shall not exceed 75% of gross annual revenues. After the workshop it was determined that the 2022/23 proposed budget would put the City above the threshold.
- The table below was provided by Tammy Campbell of McDirmit Davis to show a comparison from 2017 through the 2023 budget for reserves. Her comments are as follows.
 1. For 2023, the city was conservative in the revenue budget estimates. Because of this, the 75% of revenues number is on the low side.
 2. In 2021 we did an adjustment to close out the old fines and forfeitures fund. Most of this balance was unrestricted, so it was moved to the general fund. The 2021 audit did not capture this as reducing the restricted fund balance, and are still showing that as an amount restricted for public safety. This difference is about \$108,000 that we have included in unrestricted that the audit did not.
 3. Another factor is that as of 7/31, there was approximately \$270,000 of unrestricted income. This is increasing the unrestricted reserve much more than the 2022 budget, which planned to use \$195,000 of reserves. As we finish up 2022, the unrestricted reserve may change, and the total revenue number will also increase

Even though your budgets for the past few years have planned to dip into reserves, the city has done better than budgeted each year, and for most of the past 5 years has increased reserves.

	Per Budget 2023	Per July Internal 2022	Per Audited Financial Statements				
			2021	2020	2019	2018	2017
Assigned fund balance	-	-	191,344	213,010	-	-	15,530
Unassigned fund balance	3,537,484	3,616,124	2,984,005	2,867,763	2,767,383	2,466,912	2,638,520
Total fund balance (unrestricted)	3,537,484	3,616,124	3,175,349	3,080,773	2,767,383	2,466,912	2,654,050
Total Actual Revenues	4,267,646	4,415,925	4,273,230	4,232,413	4,017,970	3,584,170	3,541,192
Transfers In	248,659	155,721	277,037	50,000	6,000	100,000	110,000
Lease Proceeds	-	-	97,700	42,157	-	-	-
	4,516,305	4,571,646	4,647,967	4,324,570	4,023,970	3,684,170	3,651,192
75% of revenues	3,387,229	3,428,735	3,485,975	3,243,428	3,017,978	2,763,128	2,738,394
In compliance	NO	NO	YES	YES	YES	YES	YES
difference	(150,255)	(187,390)	310,626	162,655	250,595	296,216	84,344
Actual General fund increase (decrease) in Fund balance			94,194	324,705	301,094	(185,735)	33,071
Budgeted increase (decrease) in fund balance							
2022 Unrestricted income at 7/31	270,124						
Difference from audit- fines & forfeitures fund	108,792						
change in prepaids (zero at 7/31)	61,337						
miscellaneous variance	522						
Change in unrestricted from 2021 to 2023	440,775						

Below is the required form of the Motion to approve the City's millage rate.

"I move to adopt Ordinance No. 2022-07 setting the City of Edgewood's millage rate for Fiscal Year 2022/2023 at 5.250 mills which represents a 5.86 percent increase over the roll-back rate of 4.9591 mills".

Following is the required form of the Motion to approve the City's tentative budget.

"I move to adopt Resolution No. 2022-05 a Resolution adopting the tentative budget and confirming the date of the second public hearing for Fiscal Year 2022/2023.