



Report to Administrative Policy Committee

Agenda Item: Discuss and Possible Action on Draft 2024 Village of Kronenwetter Budgets – Excluding Water and Sewer Utilities

Meeting Date: 10/24/2023

Referring Body: n/a

Committee Contact: Chris Voll, Chairperson

Staff Contact: Lisa Kerstner, Finance Director/Kim Manley, Administrator

Report Prepared by: Kim Manley, Interim Administrator

AGENDA ITEM: Discuss and Possible Action: Village Budget 2024 Draft

OBJECTIVE(S): To review the draft budgets as prepared and make a recommendation to the Village Board.

HISTORY/BACKGROUND: The budget process was different this year as in prior years the Administrator and Finance Director took on the role of putting the budget together. In 2023 for the 2024 budget the process, at the request of the Interim Administrator was to revamp the budget document itself and to instruct the Finance Director to include meetings with the individual Department Heads or staff who have valuable input into putting these budgets together. It also included, after the numbers were pulled together, additional meetings with the Department Heads to ensure that the budgets were being presented as accurately as possible to the Committee and then as recommended to the Village Board.

The process started in July and was worked on as late as Monday, October 16th.

PROPOSAL: To review and recommend Version #3 to the Village Board. It accomplishes the most for the Village with the least amount of tax increase - .34% as proposed (TID's excluded). What it would require is for the Village Board to approve borrowing for a piece of equipment for the Public Works Department which it currently rents (this year's rent was \$13,000) and that is the ditch mower. This purchase is included Version #3 draft budget in the Fund #750; Equipment Replacement Fund for \$250,000.00. In researching the best way to accomplish this purchase and avoid the annual rental costs the financing option of using the State Trust Fund Loan program was chosen. The interest rate is reasonable and the process for the loan is straightforward. It would be a loan for 10 years (life of the ditch mower is estimated at 20 years) and would in the long run save the Village the rental costs. As estimated using this year's rental rate of \$13,000 over the course of 10 years the cost to rent will be estimated at \$130,000 vs \$93,705 roughly in interest paid to purchase the mower. We all know that today's rental cost is not going to be 2025's and so on – it is likely to increase so the overall savings will increase as well.

I contacted the banks listed on the Village's Depository Resolution and as of the 10/18/23 the interest rates are ranging between 6.5% to 9% to finance locally. The State Trust Fund Loan program rates are attached.

It is the Administrator's recommendation to recommend the draft 2024 Village of Kronenwetter Version #3 budget proposal as attached including the option to finance the ditch mower.

DITCH MOWER FUNDING	
OPTIONS:	1.) Purchase Outright & levy for the funding
	2.) Finance Option - 10 years at an estimated 6.25% payments are \$34,370 per year - interest over course of loan \$93,704.45.
	Note: Savings on the cost of equipment rental (using the 2023 cost) of \$13,000 per year for the 10 year loan equals \$130,000 = net estimated cost to Village - a savings in rental cost of \$36,295.55 over course of the 10 year loan.

LOAN AMORTIZATION SCHEDULE	FOR EXAMPLE PURPOSES ONLY
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PURPOSE OF LOAN	DITCH MOWER	LOAN SUMMARY
LOAN AMOUNT	\$250,000.00	Scheduled payment \$34,370.45
ANNUAL INTEREST RATE-ESTIMATED	6.25%	Scheduled number of payments 10
LOAN PERIOD IN YEARS	10	Actual number of payments 1
NUMBER OF PAYMENTS PER YEAR	1	Total interest \$93,704.45
START DATE FOR LOAN	2024	

PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
2024	\$250,000.00	\$34,370.45	\$34,370.45	\$18,745.45	\$15,625.00	\$231,254.55	\$15,625.00
2025	\$231,254.55	\$34,370.45	\$34,370.45	\$19,917.04	\$14,453.41	\$211,337.52	\$30,078.41
2026	\$211,337.52	\$34,370.45	\$34,370.45	\$21,161.85	\$13,208.59	\$190,175.67	\$43,287.00
2027	\$190,175.67	\$34,370.45	\$34,370.45	\$22,484.47	\$11,885.98	\$167,691.20	\$55,172.98
2028	\$167,691.20	\$34,370.45	\$34,370.45	\$23,889.75	\$10,480.70	\$143,801.45	\$65,653.68
2029	\$143,801.45	\$34,370.45	\$34,370.45	\$25,382.86	\$8,987.59	\$118,418.60	\$74,641.27
2030	\$118,418.60	\$34,370.45	\$34,370.45	\$26,969.28	\$7,401.16	\$91,449.31	\$82,042.43
2031	\$91,449.31	\$34,370.45	\$34,370.45	\$28,654.86	\$5,715.58	\$62,794.45	\$87,758.01
2032	\$62,794.45	\$34,370.45	\$34,370.45	\$30,445.79	\$3,924.65	\$32,348.66	\$91,682.66
2033	\$32,348.66	\$32,348.66	\$32,348.66	\$30,326.86	\$2,021.79	\$0.00	\$93,704.45

RECOMMENDED ACTION: Recommend the 2024 Draft Village of Kronenwetter Budget Version #3 which includes financing for the ditch mower this draft budget would reflect an estimated increase in the overall levy from 2023 to 2024 of .34% or \$8,676.10 (TID’s Excluded).

FINANCIAL

Financial Consideration/Action:

This is not an individual item. Financial impact would be an increase in the levy for 2024 of an estimated \$8,676.10 or .34% for the village’s levy (TID’s Excluded) for the year 2023 tax bill funding the 2024 budget.

ATTACHMENTS:

- Executive Summary
- 2024 Draft Village of Kronenwetter Budget – Version #2
- 2024 Draft Village of Kronenwetter Budget – Version #3