

Budget Summary for Town of Merrimac

NOTICE OF PUBLIC HEARING FOR TOWN OF MERRIMAC

Notice is hereby given that on Thursday, November 4, 2021 at 7:00 p.m., at the Merrimac Town Hall, a Public Hearing on the Proposed 2021 Budget will be held. Immediately following the Public Hearing, a Special Town Meeting will be held to approve the town tax levy for 2021 taxes payable in 2022.

The proposed budget in detail is available for inspection at www.townofmerrimac.net and at the clerk's office by appointment. Following is a summary of the proposed budget.

	2021	2022	% CHANGE
BALANCE JANUARY 1			
Unreserved	-\$17,314	-\$42,792	147.15%
Park Fund	\$20,236	\$10,631	-47.46%
Reserved for Contingency	\$39,304	\$41,698	6.09%
REVENUES			
Taxes: General Levy	\$228,952	\$316,060	38.05%
Other Taxes	\$119,221	\$148,053	24.18%
Special Assessments	\$90,398	\$97,811	8.20%
Intergov't Revenues	\$122,357	\$130,795	6.90%
Licenses/Permits	\$28,450	\$36,400	27.94%
Public Charges for Services	\$1,500	\$1,500	0.00%
Intergov't Charges for Services	\$0	\$0	0.00%
Miscellaneous Revenues	\$700	\$55,652	7850.28%
Other Financing Sources	\$8,287	-\$55,137	-765.31%
TOTAL REVENUES	\$599,865	\$731,135	21.88%
MILL RATE (TAX PER \$1,000)**	\$0.75	\$1.00	33.91%
(Mill rate estimate, subject to change based on final equalized values)			
EXPENDITURES			
General Government	\$169,355	\$246,063	45.29%
Public Safety	\$107,844	\$115,015	6.65%
Public Works	\$279,750	\$295,500	5.63%
Health & Human Services	\$8,416	\$8,416	0.00%
Planning and Zoning	\$34,000	\$38,640	13.65%
Unanticipated/Miscellaneous	\$500	\$27,500	5400.00%
TOTAL EXPENSES	\$599,865	\$731,135	21.88%
Posted this 19th day of October, 2021			
Tim McCumber, Town Administrator and Clerk-Treasurer			

Town of Merrimac 2023 Budget
 Administrator's Summary
 Tim McCumber, Town Administrator

The 2022 proposed budget seeks a levy limit increase exceeding the levy limit caps imposed by the State of Wisconsin. The impacts of the proposal will increase the mill rate from \$0.75 to \$1.00 per thousand. This report is intended to help residents understand why there is an increase and the impact on your tax bill. On average, the tax levy accounts for only 40% of the town's total budget and is the amount needed after all other state aids and fees are collected to pay for the town's annual budget.

15-year Mill Rate Comparison			
	2006	2021	Increase
Town's Assessed Value	\$182,556,500	\$304,633,500	+ 40.08%
Town Budget	\$442,350	\$599,865	+26.26%
Amount of Tax Levied	\$194,231	\$228,952	+15.15%
Mill Rate	\$1.03	\$0.75	-27.19%

As you can see, the town's value grew 40% while the taxes levied only increased 15% over 15 years. The actual mill rate decreased by 27%.

This year's proposed budget is requesting a tax levy of \$316,360 against the town's new assessed value of \$314,633,500. The new mill rate will be \$1.00 per thousand which is a lower tax rate than it was 15 years ago. This request exceeds the allowable levy limit increase for 2022 (\$238,565) by \$77,795.

Tax Bill Comparison (Town portion Only)			
Home Value	\$150,000	\$350,000	\$500,000
2021 Tax Rate (\$0.75)	\$112.50	\$262.50	\$375.00
2022 Tax Rate (\$1.00)	\$150.00	\$350.00	\$500.00
Annual Tax Increase	\$37.50	\$87.50	\$125.00

Area Mill Rate Comparisons in 2021 (Municipal Portion Only)					
<u>Village of Merrimac</u>	<u>Village of Sauk City</u>	<u>Village of Prairie du Sac</u>	<u>Town of Prairie du Sac</u>	<u>Town of Sumpter</u>	<u>Town of Merrimac</u>
\$3.85	\$9.10	\$9.72	\$0.96	\$3.34	\$0.75
Cost Comparison (\$250,000 home)					
\$962.50	\$2,275.00	\$2,430.00	\$240.00	\$835.00	\$187.50

LEVY LIMIT REQUIREMENT

State law prohibits all municipalities from increasing the property tax levy above 0% or net new construction. Net new construction historically has been less than 2% a year. In other words, we do not generate new income on a new house, only on a percentage of the construction value as compared to the town's full value.

ROOM TAX COLLECTIONS

The most impactful change in tax collection that is directly impacting the town. Prior to 2015, the town was able to retain 100% of the room tax collected for general town expenses which pays for things like road maintenance and the fire department levy. **For seven of the past 15 years, the town did not increase the tax levy** because room tax revenues exceeded the amount necessary to operate the town and the board did not support the concept of "tax to the max" or lose the future revenue. In 2015 the legislature changed the law to say that the Town of Merrimac (and other 100% retention communities) now have to spend any room tax earned over the amount collected in 2010 to a tourism entity for tourism

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Administrator's Summary

Tim McCumber, Town Administrator

promotion. This changed the town collection amount to \$56,000 and the town can never, at this point, collect a single dollar more than it did in 2010. This resulted in the town mailing a check for tourism promotion for **\$77,000**.

DEVIL'S HEAD LITIGATION

In 2012, Devil's Head Resort filed an unfair assessment claim claiming the resort was valued at half of the town's evaluation using the "Black Store Loophole" (Wis. Stat. 74.37). In 2013, the town reviewed financials records showing the resort was significantly under collecting or reporting room tax and in 2020 the resort filed another assessment claim saying are less than half of the assessment again (despite no increase in the assessment) and having a commercial value that is in compliance with Department of Revenue estimates for the town. These **lawsuits have cost the town \$280,000 over the past 8 ½ years**. This year the town has spent **\$31,000** in the first nine months of 2021 on legal fees. The county, school district, and technical college are not obligated to pay for this legal defense. This has also resulted in putting the town into a deficit position. That should be temporary. The Town has filed a claim for unpaid taxes that is scheduled for mediation. The current settlement offer by Devil's Head for the unpaid room tax would cover this deficit, but it is still significantly lower than the amount the third-party accountants and industry experts believe is due to the town.

AMERICAN RECOVERY PROGRAM ACT (ARPA)

The budget is slightly skewed as a result of the ARPA money Congress has sent. The town received \$54,951 in 2021 and will receive another \$54,951 in 2022 totaling \$109,902. The town has three years to spend down that grant, but the town is also very limited in how it can spend the money. We cannot use this to offset the legal fees or other general town expenses. We have to document the income and expense but is not a part of the town's general operating budget.

TOWN STAFF AND BENEFITS

For the past 15 years the town has had only one staff person in the Town Administrator – Clerk – Treasurer. After several years of consideration, the board determined this summer that we should hire a deputy clerk-treasurer. At present the town does not offer any benefits and the current administrator's only benefit above salary is a 10% contribution by the town into a deferred compensation plan for retirement. To attract quality staff moving forward, the town has opted to participate in the state's insurance system which will offer health and dental insurance (covering only 50% of the premium), retirement and deferred compensation plans, and life insurance. The budget reflects salaries and premium costs for two staff members and assumes family coverage for the insurance plan. The additional staff and benefits will increase **\$39,569**. The current Town Administrator is not taking a pay increase nor will he be participating in any of the other benefits at this time. The town board is not taking an increase either. The town chair earns \$4,800 annually while the town supervisors earn \$3,700 annually. The average town administrator earns between \$65K - \$75K a year plus benefits for a community this size.

MERRIMAC FIRE BUDGET

Due to the growth in value in the Town of Merrimac, the town is obligated to pay a higher percentage of the joint fire department budget. This shift in equalized values cost the town over \$6,000 this year while the allowable levy increase was only \$9,000. Our costs are also 11% higher than the town budgeted in for 2020.

TRASH COLLECTION & CLEANUP DAYS

The base rate per residential properties increased \$3 per residence. The large increase is due to 14 new residents and one 20 resident subdivision that is being added due to the transfer of ownership from a private road to a town road. The income and revenue offsets, but the cost for running the spring clean up event has doubled in the past two years.

Revenues

2021 Budget							
REVENUES	2021					2022	
9/30/2021	BUDGET	ACTUAL	ESTIMATED	TOTAL	DIFFERENCE	PROPOSED	
Cash on Hand Jan. 1	\$ (17,314)	\$ 119,049	\$ (161,841)	\$ (42,792)	\$ (25,478)	\$ 12,344	
Park Fund	\$ 12,732	\$ 10,626	\$ 6	\$ 10,631	\$ (2,101)	\$ 10,631	
Contingency Reserve	\$ 41,676	\$ 41,690	\$ 8	\$ 41,698	\$ 22	\$ 41,698	
Taxes							
Local Property Taxes	\$ 228,952	\$228,875	\$ -	\$ 228,875	\$ (77)	\$ 316,060	Mill Rate = \$1.00 \$157.00
Special Charges - Trash/Recycle	\$ 90,398	\$90,398	\$ -	\$ 90,398	\$ -	\$ 97,811	
Managed Forest Land	\$ 5,366	\$5,521	\$ -	\$ 5,521	\$ 155	\$ 5,366	
Room Tax	\$ 105,000	\$93,855	\$ 40,000	\$ 133,855	\$ 28,855	\$ 135,000	
Parking Fee Tax	\$ 8,855	\$5,452	\$ 2,235	\$ 7,686	\$ (1,169)	\$ 7,686	
Delinquent Property Tax & Interest	\$ -	\$713	\$ -	\$ 713	\$ 713	\$ -	
Property Tax Chargebacks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Intergov't Revenues							
State Shared Revenues	\$ 15,334	\$2,300	\$ 13,034	\$ 15,334	\$ -	\$ 15,516	
Fire Insurance Dues	\$ 8,683	\$9,034	\$ -	\$ 9,034	\$ 351	\$ 9,034	
Lottery Tax - Parking Fee	\$ 1,800	\$1,043	\$ -	\$ 1,043	\$ (757)	\$ 1,050	
Lottery Tax	\$ 3,800	\$3,470	\$ -	\$ 3,470	\$ (330)	\$ 3,500	
Forest Cropland	\$ 139	\$153	\$ -	\$ 153	\$ 14	\$ 153	
State Highway Aids	\$ 79,628	\$59,721	\$ 19,907	\$ 79,628	\$ -	\$ 83,111	
Recycling Grant	\$ 3,037	\$3,048	\$ 3,048	\$ 6,096	\$ 3,059	\$ 3,048	
Aids in Lieu of Taxes	\$ 5,787	\$5,787	\$ -	\$ 5,787	\$ -	\$ 3,609	
DNR Aids for Municipal Services	\$ 131	\$131	\$ (0)	\$ 131	\$ -	\$ 131	
PILT	\$ 3,609	\$3,609	\$ -	\$ 3,609	\$ -	\$ 11,265	
Annexation Tax Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
First Dollar Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Veteran's Graves	\$ 30	\$250	\$ -	\$ 250	\$ 220	\$ -	
Computer Aids	\$ 19	\$19	\$ 0	\$ 19	\$ -	\$ 19	
Personal Property Aids	\$ 360	\$ -	\$ 360	\$ 360	\$ -	\$ 360	
Licenses/Permits							
Public Licenses	\$ 1,500	\$1,535	\$ -	\$ 1,535	\$ 35	\$ 1,500	
Non-Business Licenses (Kennel/dogs)	\$ 450	\$410	\$ -	\$ 410	\$ (40)	\$ 400	
Building Permits	\$ 24,000	\$24,150	\$ 4,000	\$ 28,150	\$ 4,150	\$ 28,000	
Zoning Permits/Fees	\$ 2,000	\$1,865	\$ 450	\$ 2,315	\$ 315	\$ 6,000	
Other Permits(Piers)	\$ 500	\$500	\$ -	\$ 500	\$ -	\$ 500	
Fines, Forfeits & Penalties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Public Charges for Services							
General Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Ambulance/Fire Reimbursement	\$ 1,500	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ 1,500	
Misc.Solid Waste Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Intergov't Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Miscellaneous Revenues							
Interest Earned(Checking)	\$ 400	\$324	\$ 76	\$ 400	\$ -	\$ 400	
Sale of Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Park Fees (Clingman)	\$ -	\$70	\$ -	\$ 70	\$ 70	\$ -	
Road Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Insurance Claims (Reimbursement)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
ARPA Grant	\$ -	\$54,951	\$ -	\$ 54,951	\$ 54,951	\$ 54,952	
Other Misc. Revenues	\$ 300	\$716	\$ -	\$ 716	\$ 416	\$ 300	
TOTAL REVENUES	\$ 591,578	\$ 597,902	\$ 84,608	\$ 682,511	\$ 90,933	\$ 786,271	
Surplus Applied	\$ 8,287	\$ -	\$ -	\$ 23,393	\$ 15,106	\$ (55,137)	
TOTAL	\$ 599,865	\$ 597,902	\$ 84,608	\$ 705,904	\$ (15,106)	\$ 731,135	

Expenses

2021 Budget						
	2021					2022
	BUDGET	ACTUAL	ESTIMATED	TOTAL	DIFFERENCE	Proposed
General Government						
Town Officers	\$ 53,000	\$50,549	\$ 14,500	\$ 65,049	\$ 12,049	\$ 92,565
Assessor	\$ 10,500	\$5,325	\$ 5,175	\$ 10,500	\$ -	\$ 10,500
Legal Fees	\$ 30,000	\$28,585	\$ 6,000	\$ 34,585	\$ 4,585	\$ 30,000
Building Maintenance	\$ 5,000	\$4,088	\$ 912	\$ 5,000	\$ -	\$ 5,000
Insurance	\$ 6,600	\$7,061	\$ -	\$ 7,061	\$ 461	\$ 7,200
Elections	\$ 3,000	\$3,553	\$ -	\$ 3,553	\$ 553	\$ 7,000
Utilities	\$ 2,300	\$2,431	\$ 500	\$ 2,931	\$ 631	\$ 3,000
Telephone/Internet	\$ 1,950	\$1,209	\$ 891	\$ 2,100	\$ 150	\$ 2,725
Audit	\$ 5,300	\$5,300	\$ -	\$ 5,300	\$ -	\$ 5,400
Professional Consulting	\$ -		\$ -	\$ -	\$ -	\$ -
Office Management/Supplies	\$ 3,000	\$2,469	\$ 531	\$ 3,000	\$ -	\$ 3,500
Debt Service	\$ -		\$ -	\$ -	\$ -	\$ -
Dog Licenses	\$ 370	\$230	\$ 213	\$ 443	\$ 73	\$ 440
Tourism Entity	\$ 48,335		\$ 77,044	\$ 77,044	\$ 28,709	\$ 78,733
Public Safety						
Fire Protection	\$ 90,871	\$90,641	\$ -	\$ 90,641	\$ (230)	\$ 97,030
Fire Insurance Dues	\$ 8,683	\$9,034	\$ -	\$ 9,034	\$ 351	\$ 9,034
Ambulance District	\$ 8,290	\$8,341	\$ -	\$ 8,341	\$ 51	\$ 8,951
Public Works						
Road Maintenance/Brushing	\$ 185,000	\$128,573	\$ 56,427	\$ 185,000	\$ -	\$ 190,000
Public Accesses	\$ 500	\$275	\$ -	\$ 275	\$ (225)	\$ 500
Spring Cleanup & Brush Collection	\$ 6,500	\$4,847	\$ 800	\$ 5,647	\$ (853)	\$ 6,000
Refuse & Garbage Collection	\$ 87,750	\$72,002	\$ 23,958	\$ 95,960	\$ 8,210	\$ 99,000
Health & Human Services						
Rec Fees (Parks)	\$ 900	\$435	\$ 260	\$ 695	\$ (205)	\$ 900
Donations to Civic Groups	\$ 750	\$600	\$ -	\$ 600	\$ (150)	\$ 750
Mow Cemeteries	\$ 864	\$845	\$ 288	\$ 1,133	\$ 269	\$ 864
Parking Tax to Schools	\$ 5,902	\$4,871	\$ -	\$ 4,871	\$ (1,031)	\$ 5,902
Planning and Zoning	\$ 34,000	\$27,120	\$ 10,000	\$ 37,120	\$ 3,120	\$ 38,640
ARPA Grant	\$ -	\$1,050	\$ 48,950	\$ 50,000	\$ 50,000	\$ 27,000
Unanticipated/Miscellaneous	\$ 500	\$23	\$ -	\$ 23	\$ (478)	\$ 500
TOTAL EXPENSES	\$ 599,865	\$ 459,454	\$ 246,450	\$ 705,904	\$ 106,038	\$ 731,135