

Town of Hudson

2018-2019

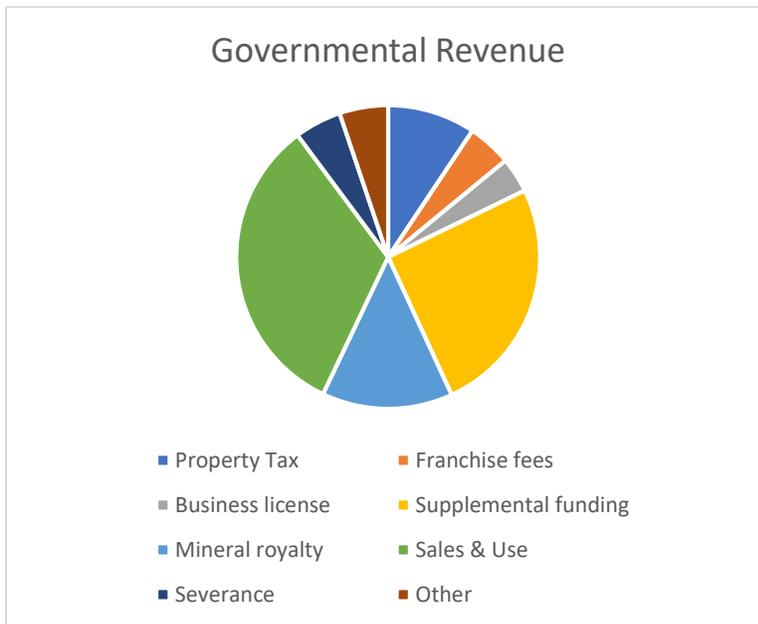
Budget Review

The positive is that there should not be a major change in funding for the year. The state legislature has left in place the funding of cities and towns the same as the prior year. This is good considering the funding had swung from zero to about \$10,000,000 more than the prior year. The issue of funding the municipalities in the state remains highly volatile. Hopefully some movement will be accomplished by various legislative committees this summer or fall. The next year may be interesting to governmental funding and how we as a town fund our operations.

Governmental Revenues

The major components of governmental revenue are:

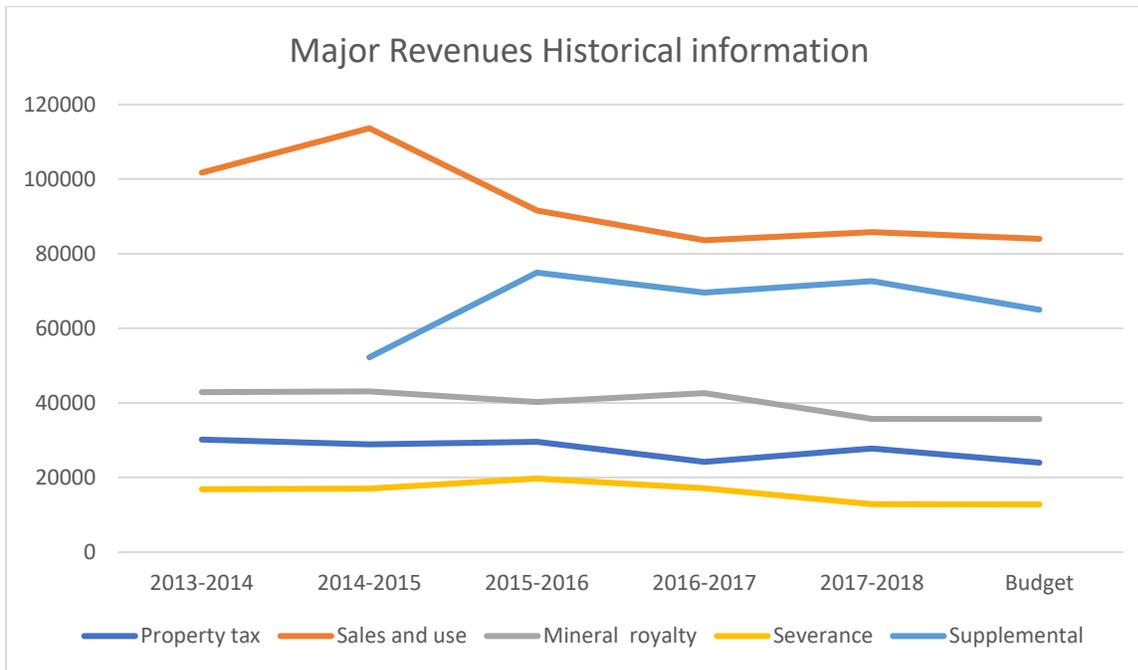
- Property Tax \$24000
- Franchise fees \$12000
- Business license \$9600
- Supplemental funding \$65000
- Mineral Royalty \$35700
- Sales and use \$84000
- Severance \$12800



The property tax assessment appears to be stable and we should not see a major change, thus we budgeted at \$24000. This is a bit lower than last year's actual but is conservatively appropriate. Sales and use tax is budgeted based on the prior year. We are seeing an upturn from the prior year, but it still is less than 2 and 3 years ago.

The Severance and supplemental are the amounts supplied by WAM and the LSO office

The following graph illustrate the 4-year trend for major categories

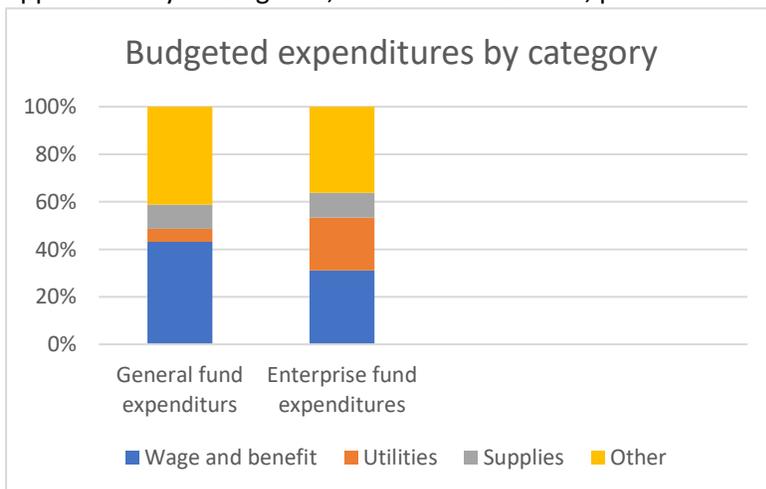


Governmental Expenditures

The major portion of expenditures comes from wages and benefits. We have reduced staffing by .5 FTEs in the business office and have reduced maintenance by .75 FTES. This was accomplished two-three years ago and we are basically at core staffing.

The second major cost is utilities. One of our goals for the upcoming year is to investigate ways of reducing utility cost.

The third major cost comes from supplies the third major cost. The remaining expenditures are in approximately 8 categories, to include education, professional fees, and repairs and maintenance.



Enterprise Funds

We anticipate the usage for both sewer and water to remain the same. To keep up with inflation we are proposing a \$.25 increase for water effective July 1 and a \$.25 increase for sewer effective January 1, 2019. It is always difficult to increase rates but having small incremental increases for inflation is much easier for the residents to absorb, as opposed to ignoring reality and implementing a major change at some point to avoid disaster.

We currently are continuing our investigation of implementing the RO plant. This will have an additional cost of operations and an additional utility value of having softer water for the residents.

As discussed in the General Fund the major expense for the Sewer and Water fund is wage and benefits. As illustrated in the above graph it accounts for roughly 30% of the total cost. The second major cost is the utility cost electricity for the plant is budgeted at \$40,000 which is consistent with the prior years. The cost to produce water is expensive.

We currently are addressing a tear in the Sewer Lagoon liner which will require substantial funding. We will seek SLIB emergency funding and will start that process as soon as the total project is defined.

Restricted Funds

The restricted funding includes the 1% optional sales tax. This amount correlates to the sales tax collected and we have budgeted a flat amount as compared to prior years (\$75000). The major project for the year is the paving of Kansas. We anticipate the same cost as the Indiana project. The cost of asphalt oil has increased and may limit how far the project can go. This project will include the placement of a culvert on 2nd and Kansas to allow for the drainage of runoff into an irrigation ditch. This will be completed internally by the Town staff.

With the completion of Kansas this will leave 3 streets on the north/ south direction to be paved

- Illinois 2019-2020
- Missouri 2020-2021
- New York 2021-2022.

The funding of these projects is predicated on the renewal of the 1% sales tax. If this fails at the ballot there will be no funding available to complete these projects.

We have been approved for several items resulting from last years flooding. To date we have been approved to deepen the drainage canal and repair the backhoe. The remaining identified projects are in appeal. The 2 projects approved will require a 25% match of approximately 6000.00. This has been budgeted in the water and sewer budget.

Summary

We are anticipating a year consistent with the one we are finishing. Revenues will remain consistent and we are containing expenses to match revenues. We are budgeting for a .25 increase in sewer and water rates mainly to keep up with inflation. We are continuing to fund employee benefits. The 1% sales tax has allowed us to continue to improve our streets and hopefully this funding will continue.

The cemetery headstones have been corrected and maintenance is in the process of installing an injector that will prevent this from occurring again. The entry way signs are in the process of being designed, and one will be installed next year. The second will be set, upon completion of WYDOT's project on the north end of town. Probably 2020.

We need to continue to build reserves until the state legislature addresses the city funding matrix. If this issue is not addressed so that we can have long range planning or funding reduced, we must have resources saved to allow for us to survive.